

JOINT TRAFFIC MANAGEMENT OFFICE

Regional Domestic Contract -01

Alaska

and

Puerto Rico

CONTRACT NUMBER

CONTRACTOR

DAMTO1-98-D-9604

Alaska Cargo Transport Inc.

DAMTO1-98-D-9605

Crowley American Transport

DAMTO1-98-D-9606

NPR Inc.

DAMTO1-98-D-9607

Totem Ocean Trailer Express Inc.

DAMTO1-98-D-9608

Trailer Bridge Inc.

DAMTO1-98-D-9609

Sea-land Service Inc.

AAFES CUSTOMER SERVICE CONTRACT

DAMT01-98-D-9610

Sea-land Service Inc.

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SECTION - B - SUPPLIES OR SERVICES AND RATES OR CHARGES

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SEE SEPARATE RATE ATTACHMENTS

SECTION C - DESCRIPTION/SPECIFICATION/WORK STATEMENT

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SECTION C

C-1 GENERAL

C-1.1 Transportation Services. The Contractor, a vessel operating ocean Carrier, shall provide through ocean and intermodal transportation by U.S. flag ships or barge/tug systems. The Contractor shall maintain regularly scheduled liner term service between continental U.S. points and points in Alaska throughout the period of the contract. The Contractor agrees to offer space in each of its vessels engaged in Contractor's service on the routes under this contract, consistent with its obligations as a common or contract carrier under the Interstate Commerce Act and other applicable law. The Carrier shall provide both breakbulk and container service, including receiving, terminal handling, loading and discharging.

C-1.2 Regulatory Compliance. (b) The Carrier shall file all rates and terms of this contract with the Surface Transportation Board (STB), formerly the Interstate Commerce Commission or with other governmental agencies as may have jurisdiction over the services provided by the contractor as set forth in this contract. The Carrier agrees to comply with such regulations of the STB or other governmental agencies as may be applicable for service to the Government in the carriage of military cargo as set forth in this Agreement. The Carrier ensures that its rates have taken into account the provisions of Old Section 10721 of the Interstate Commerce Act (49 U.S.C. 10721) which are preserved under Sections 10721 (Rail) and 13712 of the Interstate Commerce Commission Termination Act of 1995, P.L. 104-88, 109 Stat. 803, Dec. 29, 1995 (Motor/Water) and that such rates do not exceed the lowest available rates to the general public for comparable service on the date of acceptance of its offer by the Government, and that such rates do not exceed the Carrier's charges for transporting like goods for private persons. The Carrier is authorized to certify that the service performed under this contract is entirely for the benefit of the Government so as to permit the offer of service at free or reduced rates under the former 49 U.S.C. 10721, now preserved under Sections 10721 and 13712 as above.

C-1.3 Cargo. Types of cargo to be carried are military cargo, mail, and any other type of cargo shipped by the Department of Defense in the Defense Transportation System. Cargo moving in containers may be mixed or straight loads. Cargo will move in both directions. All cargo shall be stowed such that it is protected from damage due to exposure to the elements.

C-1.4 Carriage. Carriage of cargo will be on a liner term basis. Cargo will be loaded and discharged at commercial terminals at the Carrier's ports of call. The Government will require the Carrier to furnish, stuff, and strip containers. Consistent with vessel safety, when on deck stowage is necessary, containers with mail and personal property will, to the maximum extent possible, be loaded below the third tier.

C-1.5 Reserved

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C-2. Sealift Readiness Program.

“Enrollment of a carrier’s U.S. flag fleet in an authorized sealift readiness program is a condition of eligibility for participation under this contract. The Voluntary Intermodal Sealift Agreement (VISA) has been approved by the Secretary of Defense (SECDEF) as the primary DoD sealift readiness program. VISA Participants receive competitive preference for award of DoD cargo and booking priority applicable to peacetime, exercise and contingency cargo based on their VISA capacity commitments. The DoD Sealift Readiness Program (SRP) is the alternative program to VISA. Both programs are intended to provide a formal agreement between U.S. flag vessel operators and the Department of Defense (DoD) for the acquisition of sealift and related services under less than full mobilization. The VISA program is still under development for full implementation. However, the VISA has been designated as the required sealift readiness program for this contract. As currently approved by SECDEF, U.S. flag vessel operators, as a condition of this procurement, are obligated to participate in the VISA and to commit to Stage III of the VISA for the period of contract performance. For those carriers still under obligation to the SRP or Participants that voluntarily withdraw from VISA, the offeror commits 50% of its U.S. flag fleet (in vessels) and related equipment to the DoD SRP for the full performance period or any part thereof not covered by the VISA commitment. Offerors are required to complete JTMO Forms 4280/9 and 4280/9A. Commitment to an authorized sealift readiness program is an integral part of this contract and the level of that commitment remains in full force and effect for the performance period of the contract and any periods under which that mobilization commitment is utilized by the DoD.”

C-3 CONTAINER SERVICE

C-3.1 Basic Service.

C-3.1.1 Northbound Service. The Carrier's Northbound service shall consist of furnishing a clean, empty, odor-free container on a chassis to the Government at a specific point designated by the Ordering Officer (OO), such as a warehouse door or loading platform; moving the stuffed container between this point and the Carrier's commercial terminal, receiving and handling the stuffed container at its loading terminal; load and transport the container in/on the Carrier's vessel; discharging and handling the container at the Carrier's receiving terminal; and, delivering the loaded container to a place designated by the OO and spotting it at a specific point, such as a warehouse door or loading platform as designated locally at the time of arrival by the receiving activity

C-3.1.2 Southbound Service. The Carrier's Southbound service shall consist of furnishing a clean, empty, odor-free container on a chassis to the Government at a specific point in Alaska designated by the Ordering Officer (OO), such as a warehouse door or loading platform; moving the stuffed container between this point and the Carrier's commercial terminal; receiving and handling the stuffed container at its loading terminal; loading and transporting the container in the Carrier's vessel; discharging and handling the container at the Carrier's receiving terminal; in the Puget Sound Area; delivering the loaded container to the receiving terminal container freight station for stripping; or providing local drayage in the Puget Sound area as required and paying all port charges in accordance with G-10 herein.

C-3.2 CONUS Drayage/Linehaul Service. The Carrier shall furnish drayage or line-haul service (Northbound/Southbound) between points set forth in Section B under the CONUS linehaul requested by the OO for spotting or delivery of the container to the Carrier's Puget Sound terminal.

C-3.3 Ancillary Services.

C-3.3.1 Split Pick-up/Delivery Service. When ordered by the OO, the Carrier shall move a specified conveyance from one load/off-load station within a facility to another load/off-load station within that same facility for additional stuffing/stripping.

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C-3.3.2 Respot Service. When ordered by the OO, the Carrier shall provide respot service in accordance with the definition .

C-3.3.3 Stop-Off Service. When ordered by the OO, the Carrier shall provide stop-off in accordance with the definition . Stop-off service does not include split pickup or delivery within the continuous property of the activity involved.

C-3.3.4 Transloading Service. When specifically ordered by the OO, the Carrier's transloading service shall consist of shifting the contents of a full container load or truckload of cargo directly from one container/trailer to another at its terminal. The integrity of cargo units delivered to the Carrier for transloading shall be maintained throughout the shipment. The Carrier shall not change the integrity of the cargo's configuration, i.e. break palletized loads without prior approval of the OO. In addition, the Carrier shall not commingle Commercial cargo with Government cargo under this service. The Government will pay for such services at the rate and terms set forth in Sections B and G applicable for transloading service.

C-3.3.5 Stuffing Service. The Carrier's stuffing service shall consist of receiving cargo suitable for containerization at its terminal, and consolidating, segregating, tallying and stuffing the cargo into the container(s), blocking and bracing the cargo for safe ocean and intermodal movement, and sealing the container(s). The integrity of cargo units delivered to the Carrier for stuffing shall be maintained throughout the shipment, consistent with the stowage capability of the Carrier's containers. The Carrier shall not change the integrity of the cargo's configuration, i.e. break palletized loads, without prior approval of the OO. The Carrier shall stuff containers following the principle of "first-in, last-out", i.e. cargo taken from the rear of the container should be reloaded at the rear of the container vice at the nose of the container. The Carrier may, unless otherwise directed by the OO or restricted by applicable regulations, commingle Government cargo with commercial cargo. The Carrier shall not over-stuff a container nor stuff it in such a manner as to jeopardize the safety of the cargo. Unless otherwise directed by the OO, northbound cargo delivered to the Carrier's freight station for consolidation will be stuffed and loaded aboard ship within ten calendar days of receipt by the Carrier, if bound for Anchorage, Kodiak Island, Eielson AFB, or Fairbanks. For all other places, cargo will be stuffed and loaded aboard ship within 14 calendar days of receipt by the Carrier.

C-3.3.6 Stripping Service. The Carrier's stripping service shall consist of unstuffing a container, separating cargo by consignee, and grouping cargo lots by consignee. The Carrier shall deliver cargo to consignees at specific points when commingled with cargo carried for other shippers, or when cargo in a container is destined to more than one specific point. Such cargo may be received by the ultimate consignee or by certified inland carrier for further transportation.

C-3.3.7 Atmosphere Service.

C-3.3.7.1 Modified Service. The Carrier's modified atmosphere service shall consist of furnishing a system that is designed to reduce spoilage to perishable container contents by introducing preservative gases or otherwise reducing the level of activity of oxygen in the container for the period from the time the container is closed, sealed and charged with gas after stuffing until the seal is broken at the time of delivery of the container to the first consignee or at such time as is mutually agreed upon at the time of booking.

C-3.3.7.2 Controlled Atmosphere Service. The Carrier's controlled atmosphere service shall consist of furnishing a self contained computerized system capable of monitoring and adjusting the atmosphere in a refrigerated container after the carrier has introduced preservative gases in the container. The system is designed to reduce spoilage and extend shelf life of perishable commodities similar to modified service, but differs by its ability to adjust the air inside the container during transit.

C-3.3.8. POV Processing

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C-3.3.8.1 POV Processing in Alaska. In Alaska, the Carrier will process Privately Owned Vehicles (POV's) for ocean transportation and receipt by the owner ordered by the OO. The Carrier's POV processing service shall consist of receiving/issuing POV's from/to service members or Government Agents at the Carrier's Alaskan off-dock terminal. This terminal will process POV's Monday through Friday from 0800 until 1700, except on locally observed holidays. An inspection of the POV, similar to that which is customarily provided by a common carrier in its usual commercial service will be accomplished with the service member or his/her representative upon receipt and issue. In Anchorage and Fairbanks, the inspection must be conducted in an area fully protected from the elements. To facilitate inspection, all vehicles delivered to Fairbanks will be washed prior to delivery and vehicles delivered to Anchorage will be washed on demand of the carrier. At the time of pick-up, the POV will be returned in the same condition of cleanliness as received, to include washing if required, to facilitate efficient joint vehicle inspection. The Carrier will provide storage for POV's in a secure (generally closed to the public), lighted, fenced, hardstand area pending pick up by the member for up to 21 days. Detention charges, as set forth in Section H-25, will be assessed if storage is required beyond 21 days.

C-3.3.8.2 Additional Requirements for POV Processing Southbound (AK to CONUS) Vehicles. The Carrier shall use Government provided seat covers, floor mats and card board boxes for use in service members POV's for the purpose of providing processed vehicles with additional interior protection and the storage of miscellaneous items found in these vehicles. Failure by any carrier to use these materials as instructed shall result in the application of liquidated damages in accordance with the language stated at Section F-2 herein in an amount of \$50.00 per vehicle inspected which is found to be in violation of this Section.

C-3.3.8.3 POV Processing in CONUS. In CONUS, the Carrier will provide a service of receiving/issuing POV's from/to a designated Government Contractor at the Carrier's Puget Sound terminal. The terminal will process POV's Monday through Friday from 0800 until 1700, except on locally observed holidays. An inspection of the POV, similar to that which is customarily provided by a common carrier in its usual commercial service will be accomplished with the Government Contractor upon receipt or issuance of the POV. At the time of pick-up, the POV will be returned in the same condition of cleanliness as received, to include washing as required, to facilitate efficient joint vehicle inspection. No POV processing charge is applicable in CONUS.

C-3.3.9 Terminal Handling Service. When directed by the OO, the Carrier shall receive and handle at its terminal cargo for which it has not received a shipping order/clearance order to ship. This service includes the stuffing and unstuffing of other Carriers' containers or Government provided containers.

C-3.3.10 Early Delivery Service. When ordered by the OO, the Carrier shall deliver cargo at the ultimate destination not later than 0800 hours. Carriers will be compensated for this service at the rates set forth in Section B.

C-3.3.11 **Reserved**

C-3.3.12 Railhead Handling/Drayage Service for Military Vehicles. The Carrier's railhead handling service shall consist of discharging military vehicles from railcars in the Puget Sound Area and transporting the vehicles to its Puget Sound ocean terminal. Carriers will be compensated for this service at the rates set forth in Section B.

C-3.3.13 Weather Protection Service. When directed by the OO, the Carrier will provide coverage for containers/cargo, which is acceptable to the OO, such that it is protected from damage due to exposure to the elements. Carriers will be compensated for this service at the rates set forth in Section B.

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C-3.3.14 Surcharge for Carriage of Poles. When ordered by the OO, the Carrier will transport poles, both treated and non-treated, between its Puget Sound Port and designated points in Alaska as set forth in Section B.

C-3.3.15 Less Than Container Load Cargo (LCL). When ordered by the OO, the Carrier shall receive and handle at its Puget Sound Terminal Northbound General Cargo and Refrigerated cargo suitable for containerization. The Carrier shall stuff the cargo, as set forth in Section C-3.3.5, into containers and deliver it to consignees at designated points in Alaska,

as set forth in Section B. The Carrier shall be paid a percentage differential for such cargo in accordance with Section G-6.19.

C-3.3.16 Keep From Freezing Service.

C-3.3.16.1 General. The Carrier's Keep-From-Freezing service shall consist of furnishing equipment, in good working order, that will insure protection of cargo from freezing to the stuffing activity specified by the Government. The container shall be provided to the Government for initial stuffing with an internal temperature of not less than 33 degrees Fahrenheit.

C-3.3.16.2 Temperature Requirement. In no case shall the temperature fall below 33 degrees Fahrenheit from the period of initial stuffing until unstuffing at final destination.

C-3.3.16.3 Maintenance. It is the sole responsibility and cost of the Carrier to maintain its KFF equipment in good working order, to include refueling the heater unit and/or furnishing electrical power for the KFF service from the initial stuffing until unstuffing at final destination.

C-3.3.17 Tie Down Service. When ordered by OO, the Carrier shall tie down the cargo for the loading of flatbeds, flatracks, lowboys of Carrier loaded bridges and vehicles loaded by the Government.

C-3.3.18 Hazardous Cargo. A per measurement ton (M/T) surcharge shall apply to hazardous cargo requiring on deck stowage based upon Coast Guard Regulations. The Government shall be responsible for appropriate packing, blocking, bracing, and documentation associated with this type of cargo.

C-3.4 Spotting Empty Containers. The OO will give the Carrier at least two working days notice as to where to spot a Carrier furnished empty container for stuffing by the Government. The notice will include the type and size of container required by the Government, the categories of cargo to be stuffed in the container (i.e., General Cargo, Mail/Mail Equipment, Vehicles, or Refrigerated Cargo), the name and address of the shipper, the date and approximate time (AM or PM) for spotting the containers which will be not later than five working days prior to vessel sailing. The Carrier and shipping activity may mutually agree to another spotting date, and the Carrier shall advise the OO of the new spotting date.

C-3.5 Container Pickup. The Carrier shall pick-up and remove a stuffed container from the Government facility within one working day, and remove an empty container from the Government facility within three working days, commencing at 0800 hours on the day following receipt of notification that the container is in all respects ready to be transported. This requirement may be modified by agreement between the Carrier and the OO. Time will not run during Saturdays, Sundays, and locally observed holidays.

SECTION C - DESCRIPTION/SPECIFICATION/WORK STATEMENT

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C-3.6 Chassis Requirement. Containers delivered to the Government shall be on chassis which shall remain with the containers while they are in the custody of the Government unless this requirement is waived by the local receiving facility. Chassis provided by the Carrier shall be compatible with Government-furnished tractors unless this requirement is waived by the receiving facility.

C-3.7 Delivery.

C-3.7.1 General. Once commenced, delivery of cargo will not be delayed at intermediate points unless requested by the OO.

C-3.7.2 Alaska. In Alaska, the Carrier shall make delivery of refrigerated cargo or mail within one working day to Anchorage and Kodiak Island and within two working days after the container has been discharged from the vessel to all other points. Dry cargo and POV's shall be delivered within five working days except that the Carrier shall be allowed an additional two days to complete delivery of multiple consignee shipments. Unless otherwise directed by consignee, the Carrier shall deliver refrigerated and KFF cargo to military activities no later than two hours prior to the close of business on the day of delivery.

C-3.7.2.1 Southbound POV's from Fairbanks, AK. Southbound POV's from Fairbanks, AK shall be shipped on a vessel within 9 calendar days after the POV is received by the Carrier. Failure to meet this requirement shall result in the assessment of liquidated damages as set forth at H-13.2 of this contract by the Government against the Carrier.

C-3.7.3 CONUS. If the OO orders the container delivered to the Carrier's terminal or other place within Puget Sound, the Carrier shall make delivery of dry cargo containers within two working days and mail containers within one working day after the container has been discharged from the vessel. If CONUS line-haul is ordered, the Carrier will commence transportation of dry cargo containers within two working days and mail containers within one working day after the container has been discharged from the vessel.

C-3.7.4 Notice. The Carrier shall contact the consignee to establish a delivery time. Upon delivery, the Carrier will present the consignee with a loading diagram (if a Carrier stuffed container) and a delivery receipt. The delivery receipt shall include; destination warehouse, pieces, weight, cube, noun name, and TCN for the container.

C-3.8 Refrigerated Service.

C-3.8.1 General. Self-sustaining refrigerated containers, in good working order, shall be delivered to the stuffing activity, pre-cooled to the intransit temperature specified by the Government. These containers will be maintained at an internal temperature within three degrees Fahrenheit of the specified intransit temperature from the time of initial stuffing until unstuffed at final destination.

C-3.8.2 Carrier Inspection of Contents. If the Government offers a fully loaded refrigerated container of perishable subsistence to the Carrier for movement, the Carrier may open the container to inspect the condition, stuffing, or the temperature of the cargo. When the Carrier is of the opinion that the cargo is unsuitable for shipment to the specified destination, the Carrier shall immediately advise the OO of such condition, and request a decision regarding shipment of the container.

SECTION C - DESCRIPTION/SPECIFICATION/WORK STATEMENT

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C-3.8.3 Temperature Recording. The Carrier shall furnish an operable continuous temperature recording instrument, in each refrigerated container ordered. The instrument shall measure and record in a legible manner any variation in temperature of one degree Fahrenheit or more inside the container during the time it is stuffed with cargo. The original printed record of the temperature maintained during the transit from origin to destination shall be made available for inspection by the receiving activity when the container is delivered. After inspection the original record will be returned to the Carrier. Upon request of the consignee, a copy of the original record shall be provided to the receiving activity within 5 days.

C-3.8.4 Maintenance. It is the sole responsibility and cost of the Carrier to maintain its refrigerated equipment in good working order, to include refueling the refrigeration unit and furnishing electrical power from the initial stuffing until unstuffing at final destination.

C-4 BREAKBULK SERVICE.

C-4.1 Northbound Service. The Carrier's northbound breakbulk service shall consist of loading and transporting breakbulk cargo in its vessel and discharging the cargo at its receiving terminal and transporting to inland delivery points in Alaska, as set forth in Section B. Breakbulk service shall be provided in accordance with the terms and conditions for containerized service, as applicable.

C-4.2 Southbound Service. The Carrier's southbound breakbulk service shall consist of loading and transporting breakbulk cargo in its vessel and discharging the cargo at its receiving terminal in the Puget Sound area in Section B. Breakbulk service shall be provided in accordance with the terms and conditions for containerized service, as applicable.

C-5 TANK CONTAINER/TANK CARS

The Carrier's tank container/car service shall consist of receiving a Government furnished tank container/car at its Puget Sound facility; transporting the cargo to points in Alaska for discharge performed by the consignee; and returning the empty container/car to Puget Sound.

C-6 DOCUMENTATION

C-6.1 Load Port. The Carrier shall, by mutually agreeable means, provide the cognizant MTMC activity and the activity responsible for cargo documentation with the information set forth below in connection with cargo loaded at each port.

C-6.1.1 Container Receipt Information. The following information shall be provided within one working day after a container is received: name of ocean Carrier, port of loading, date container received at port, Carrier's container number with ALFA prefix, TCN, and seal and/or keyless lock number.

C-6.1.2 Container Lift Information. The following information shall be provided within one working day after vessel departure: name of vessel and voyage document number, Carrier's container number with ALFA prefix, TCN, port of discharge, final destination, general description of container contents (i.e., general cargo, mail/mail equipment, POV, other vehicles, refrigerated cargo), and seal and/or keyless lock number.

C-6.1.3 Cargo List. For containers stuffed by the Carrier, including those stuffed with LCL cargo, not later than the next working day after the container is stuffed, the Carrier will provide the Government's manifesting activity a list of such cargo, by container number and TCN.

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C-6.1.4 Discrepancy Report. The Carrier shall provide both the cognizant MTMC activity and local activity responsible for cargo documentation a listing by container number and TCN of containers which were booked but not loaded, the reasons why such containers missed their appropriate scheduled sailing, and a listing of containers loaded but not booked. Such notification shall not relieve the Carrier of its obligations under this Contract to fulfill the original cargo booking commitments.

C-6.1.5 Container Seal. If a seal on any container has been broken and/or replaced while in the Carrier's custody, the Carrier shall notify the COR with a complete report as to the circumstances and the reasons therefor.

C-6.2 Discharge Port. The Carrier shall provide the MTMC activity having cognizance over each port where containers are discharged with a discharge report. This report shall be provided for each container discharged as soon as practicable after discharge, but not later than one day following the commencement of CONUS drayage or linehaul or Alaska delivery and shall include: name and voyage number of vessel making delivery; name and voyage number of original carrying vessel if relayed or transshipped; date and time the container was discharged from the vessel; date and time of commencement and mode of CONUS drayage or linehaul, or Alaska delivery; container number; consignee; and the estimated arrival date at the marshalling yard servicing the consignee if linehaul or delivery is to be accomplished by rail or barge.

C-6.3 Vessel Arrival Notice. The Carrier shall provide the cognizant MTMC activity with written or oral notice of the impending arrival of the vessel. Such notice shall be given at least two working days prior to arrival and shall indicate the estimated time of arrival and any variation from or correction to information previously furnished.

C-6.4 Liquidated Damages. The Carrier shall be subject to liquidated damages in an amount equal to \$30.00 per calendar day per report required by this Section for each day the report is delayed.

C-7 MTMC Automated Carrier Interface System (ACI). The Carrier shall participate in the MTMC Automated Carrier Interface System (ACI) for the offering and booking of containerized cargo. The system utilizes accepted Electronic Data Interchange Standards. The Carrier shall obtain, at its own expense, the hardware and software necessary in order to participate in the ACI system.

SECTION D - PACKAGING AND MARKING

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SECTION D

PACKAGING AND MARKING

D-1 CONTAINER IDENTIFICATION

Containers shall be clearly marked to indicate the name of the Carrier. Leased containers utilized under this contract shall have the name of the Carrier, affixed with stencils or stickers, in letters of not less than three (3) inches in height. As a minimum, such identification will be affixed to each end of a leased container.

SECTION E - INSPECTION AND ACCEPTANCE

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E-1 CLAUSES INCORPORATED BY REFERENCE (JUN 84) (FAR 52.252-02)

This contract incorporates the following clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

<u>CLAUSE TITLE AND DATE</u>	<u>REFERENCE</u>
INSPECTION OF SERVICE - FIXED PRICE (FEB 1992)	FAR 52.246-4
INSPECTION OF TRANSPORTATION - FIXED PRICE (APR 1984)	FAR 52.246-14

E-2 QUALITY ASSURANCE PROGRAM

The Government will monitor the Carrier's performance through its Quality Assurance Program. Attachment 5, Performance Requirements Summary (PRS), will be used in this program and are provided for the convenience of the Carrier. The Quality Assurance Program does not place any additional requirements on the Carrier. This plan is to be used for administrative purposes only and does not reflect a change in contract requirements. To the extent any conflict may arise between the plan and the substantive provisions of this contract, the substantive provisions of this contract shall apply.

E-3 QUALITY COUNCIL

E-3.1 Council Meetings - In order to identify and resolve potential operational problems and to achieve continuous process improvement, a Quality Council shall be established. Quality Council members may include representatives of the carrier, Ocean Cargo Booking Office (OCBO), Ocean Cargo Clearance Authority (OCCA) and effected Shipper services, as well as the Administrative Contracting Officer (ACO). The Quality Council shall meet on a quarterly basis to identify, monitor, and recommend solutions to operational problems arising during the term of the contract. Recommendations for process improvement will be elevated to the Procuring Contracting Officer or his/her designated representative and the designated carrier representatives for consideration, approval, and negotiation of contract modifications (if applicable).

SECTION F - DELIVERIES OR PERFORMANCE

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DELIVERIES OR PERFORMANCE

F-1 EFFECTIVE DATES

This Contract shall be in effect for all cargo received by the Carrier or its agent for sailings scheduled on or after 0001 hours local time 01 February 1998 and shall remain in force for all cargo received by the Carrier or its agent for all sailings scheduled on or before 31 January 2000 and 31 January 2001 if the 1 year option period is exercised.

F-2 LIQUIDATED DAMAGES

LIQUIDATED DAMAGES-SUPPLIES, SERVICES, OR RESEARCH AND DEVELOPMENT FAR 52.211-11 (APR 1994)

- (a) If the Contractor fails to deliver the supplies or perform the service within the time specified in this contract, or any extension, the Contractor shall, in place of actual damages, pay to the Government as fixed, agreed, and liquidated damages for each calendar day of delay the sum of those amounts as specified in this contract.
- (b) Alternatively, if delivery or performance is so delayed, the Government may terminate this contract in whole or in part under the Default-Fixed Price Supply and Service clause in this contract and in that event, the Contractor shall be liable for fixed, agreed, and liquidated damages accruing until the time the Government may reasonably obtain delivery or performance of similar supplies or services. The liquidated damages shall be in addition to excess costs under the Termination clause.
- (c) The Contractor shall not be charged with liquidated damages when the delay in delivery or performance arises out of causes beyond the control and without the fault or negligence of the Contractor as defined in the Default-Fixed Price Supply and Service clause in this contract.

SECTION G - CONTRACT ADMINISTRATION

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SECTION G

CONTRACT ADMINISTRATION

G-1 ADMINISTRATIVE CONTRACTING OFFICER

The Administrative Contracting Officer (ACO) who shall perform contract administration for this contract is located at Military Traffic Management Command, ATTN.: MTTM-C Room 621, 5611 Columbia Pike, Falls Church, VA 22041-5050. The ACO may be reached by telephone at (703) 681-5633 or by facsimile at (703) 681-6146.

G-2 SHIPPING ORDERS

When transportation services are ordered under this Contract, a shipping Order substantially in the form of the Clearance Order/Shipping Order (MSC Form 4612/1) Attachment (1) will be issued by the Government. The Government will prepare all necessary papers including vessel papers or manifests listing the cargo stowed in containers aboard the vessel. Such papers, including vessel papers or manifests, shall be receipted by the Carrier or its agent, and shall be evidence of ownership. These documents and the Shipping Order together constitute the contract of carriage and shall be deemed to be an Order within the meaning of the Ordering Clause (FAR 52.216-18). The OO will provide the Carrier with written notice of the Government activities authorized to issue Shipping Orders. The Government will not be responsible for preparation of commercial bills of lading.

G-3 EXCEPTED CATEGORY CARGO

Excepted category cargoes are listed below. The Contracting Officer is not required to ship excepted category cargo with the Carrier under this Contract. At the option of the Contracting Officer, pursuant to the Changes Clause (FAR 52.243-1), such excepted category cargoes may be shipped with the Carrier at rates negotiated prior to booking. The Carrier shall not accept excepted category cargo for shipment unless a rate for its carriage has been negotiated with the ACO. Cargo categories not excepted below and for which specific rates do not appear herein, shall be carried at the applicable General Cargo rate.

- Aircraft (unboxed)
- Bulk Cargo (not containerized in tank cars, or containers)
- Refrigerated cargo (southbound)
- Unit movement of military personnel and support equipment
- Explosives as defined in Section C-2

G-4 CONTAINER SIZE ORDERED/PROVIDED

When ordering containers from the Carrier, the OO will specify the type, length, height, and capacity of the container required. The Carrier shall not furnish a container of a different cubic capacity than that ordered without the written consent of the COR. If the OO allows the Carrier to substitute a larger size container than booked, and the loaded shipment does not exceed the cubic capacity of the size container originally ordered, the Government shall pay for the size ordered. If the loaded shipment exceeds the cubic capacity of the size container originally ordered, the Government will pay for the size container actually furnished.

G-5 CONTAINER INTERNAL CUBIC CAPACITIES

The average internal measurement tonnage capacities as listed in Attachment 3 are to be used for computation of freight in lieu of computation based upon the actual internal capacity of the individual container. Freight for cargo carried in types of containers not listed in Attachment 3 shall be computed based on the actual cubic capacity.

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G-6 APPLICATION OF RATES

G-6.1 Expression of Rates. All rates appearing in this contract are stated in U.S. dollars and cents per applicable unit of measure and apply to all cargo moving under this contract.

G-6.2 Containers stuffed by the Government.

G-6.2.1 General. Containers stuffed by the Government with general cargo (including Mail and Mail equipment), and Inoperative POV's, or refrigerated cargo shall be freighted by applying the appropriate rate as set forth in Section B to the manifest measure of the cargo, subject to a minimum charge of eighty percent (80%) of the inside cubic capacity of the container in accordance with Attachment 3. Southbound cargo shall move at the applicable rate against the manifest measure of cargo shipped and shall not be subject to the minimum charge

G-6.2.2 Inland Transportation or Containers. All linehaul rates stated in Section B are stated in dollars and cents per M/T of 40 cubic feet of cargo manifest measure and are applicable for drayage or linehaul services furnished by the Carrier in conjunction with the basic services for which the Carrier has offered service under this agreement. Inland transportation of containers shall be freighted by applying the appropriate measurement ton basic rate as set forth in Section B to the manifest measure of the cargo subject to a minimum charge of eighty percent (80%) of the inside cubic capacity of the container in accordance with Attachment 3.

G-6.3 Containers stuffed by the Carrier. Except for transloading service, containers stuffed by the Carrier with general cargo (including mail and mail equipment), or refrigerated cargo shall be freighted on the manifest measure of cargo actually shipped. Cargo stuffed by the Carrier that weighs out (reaches the allowable weight limit of the container) shall be carried at the applicable rate as set forth in Section B applied to eighty percent (80%) of the inside cubic capacity of the container in accordance with Attachment 3.

G-6.4 Stuffing Service. When ordered by the OO, the Carrier shall be compensated at the stuffing rate set forth in Section B multiplied by the manifest measure of the cargo actually stuffed. The percentage differential for Less than Container Load (LCL) set forth in Section B shall not be applicable when stuffing service rates apply.

G-6.5 Stripping Service. When ordered by the OO, the Carrier shall be compensated at the stripping rate set forth in Section B multiplied by the manifest measure of the cargo actually transloaded. The percentage differential for Less than Container Load (LCL) shall not be applicable when stripping service rates apply.

G-6.6 Transloading Service. When transloading service(s) is/are ordered by the OO, the Carrier shall be compensated at the transloading rate set forth in Section B multiplied by the manifest measure of the cargo actually transloaded. Freight charges for transloaded cargo are subject to a minimum charge equal to 80% of the internal cubic capacity of the container. The percentage differential for Less Than Container Load (LCL) shall not be applicable when stuffing service rates apply.

G-6.7 Respot Service. When respot service(s) is/are ordered from the Carrier, the Carrier shall be compensated at the respot rates set forth in Section B on a per move basis for each container ordered in accordance with the definition at C-2.

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G-6.8 Split Pick-up/Delivery Service. When split pick-up/delivery is ordered by the OO, 33% of the Carrier's stop-off rate as set forth in the SCHEDULE OF RATES shall be applied for performing a pick-up or delivery at each additional location. When driver stand-by time is ordered and/or required by the OO in conjunction with split-pickup/delivery service, the Carrier shall be paid a charge of \$35.00 per hour for driver stand by for split pick-up/delivery service performed. Stand-by time commences upon arrival of the conveyance to the load/off-load station and ends when the conveyance is available for onward movement. Charges based on time are computed by multiplying the hourly rate by the time involved. When fractions of an hour are used, the charges will be as follows: 15 minutes or less, one quarter of an hour; 16 to 30 minutes, one-half hour; 31 to 45 minutes, three quarters of an hour; and in excess of 45 minutes, one hour.

G-6.9 Refrigerated Cargo/Keep From Freezing (KFF) Service.

G-6.9.1 Refrigerated Cargo. Rates for drayage or linehaul service in connection with the transportation of refrigerated cargo will be computed by applying the refrigerated cargo percentage differential to the applicable drayage or linehaul rate set forth in Section B.

G-6.9.2 KFF Service. Cargo carried under KFF service shall be freighted as follows. For the ocean portion of the movement KFF service shall be freighted at the applicable general cargo rate plus the KFF service per container rate set forth in Section B. For the linehaul portion of the movement, service shall be freighted by applying the KFF percentage differential to the applicable linehaul/drayage rate set forth in Section B.

G-6.10 Stop-Off Charges. A stop-off charge shall be paid for each stop-off ordered. When stop-offs occur, the Carrier shall be entitled to freight based on the rate either to the point of destination to a stop-off point, whichever is greater. When driver stand-by time is ordered and/or required by the OO in conjunction with the stop-off ordered, the Carrier shall be paid a charge of \$35.00 per hour for driver stand by. Stand-by time commences when the container stops at the facility for additional stuffing/unstuffing and ends when the container is available for onward movement. Charges based on time are computed by multiplying the hourly rate by the time involved. When fractions of an hour are used, the charges will be as follows: 15 minutes or less, one quarter of an hour; 16 to 30 minutes, one-half hour; 31 to 45 minutes, three quarters of an hour, and in excess of 45 minutes; one hour.

G-6.11 Terminal Handling Charge. The Carrier may charge the Government, as set forth in Section B, for receipt and issue of such shipments as set forth in Section C-3.3.9. The Carrier will be compensated for a minimum of five measurement tons for any cargo handled during the month.

G-6.12 Flatrack Container or Flatcar Carriage. Government stuffed flatrack containers or flatcars of general cargo, including Inoperative POV's only shall be freighted at the measurement ton rate applied to the greater of eighty percent (80%) of the internal measurement tonnage of an equivalent size standard dry cargo container or rail car as set forth in Attachment 3 or the manifest measure of the cargo. Flatracks or flatcars stuffed by the Carrier and vehicles stuffed by the Government shall be freighted at the manifest measure of the cargo.

G-6.13 ReservedG-6.14 POV Processing. Carriers will be compensated for receiving/issuing Privately Owned Vehicles at the applicable rate set forth in Section B.

G-6.15 Drayage and Line-haul Rates

G-6.15.1 Percentage Differentials. The percentage differential for refrigerated cargo set forth in Section B is applicable only to the carriage of northbound refrigerated cargo in connection with CONUS drayage or line-haul service.

G-6.15.2 Drayage Rates. The drayage rates apply between the Carrier's terminal and places within the Puget Sound Drayage Zones set forth in Section B.

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G-6.15.3 Line-haul Rates. The rate stated for line-haul to the Puget Sound Port of call from/to points in CONUS set forth in Section B apply from any point within a ten mile radius of the city limits of such point. If the origin point for cargo is located within the overlapping area of two or more places named in Section B, the lowest rate from such point to the Puget Sound Port shall apply.

G-6.16 Railhead Handling/Drayage for Military Vehicles. The Carrier will be compensated for this service at the applicable per measurement ton rate set forth in Section B applied to the actual manifest measure of the vehicles handled.

G-6.17 Weather Protection Service. The Carrier will be compensated for this service at the applicable per container rate set forth in Section B.

G-6.18 Surcharge for Carriage of Poles. For poles greater than thirty-nine feet in length, the Carrier will be compensated for this service at the per foot rate set forth in Section B applied to the total length for each bundle of poles shipped plus the applicable per measurement ton rate for General Cargo set forth in Section B. For poles thirty-nine feet and under in length, the Carrier will be compensated at the applicable General Cargo rate.

G-6.19 Percentage Differential For Less Than Container Load Cargo. Except as provided in Sections G-6.5 and G-6.6, the Carrier will be compensated for this service at the applicable General Cargo or Reefer rate times the percentage differential for LCL cargo set forth in Section B.




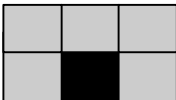
G-6.20 Vehicles. The Carrier will be compensated for the carriage of vehicles at the applicable vehicle rate per measurement ton multiplied by the actual manifest measure of the cargo, regardless if containerized for the convenience of the Carrier.

G-6.21 Government Use of Carrier Equipment (Leasing). The Carrier shall be paid the daily rate(s) set forth at H-40 herein for the time period leased.

G-6.22 Unusual Size Cargo Service.

(a) Surcharges for under 40 ft and 40 ft and over flatracks appear at Schedule B. Such surcharges shall not, however, apply to Government owned flatracks. Charges for over dimensional cargo and out of gauge flat racks shall equal the additional slot charge for displaced dry container(s) by size, less a 60% discount (see below). No payment shall be made for side or top stow where no additional slot is used by size of flat.

The following formulae for computation of out of gauge flat racks shall used:

In gauge:	$\frac{\text{BOF (Basic ocean freight)} + \text{FRS (Flat rack surcharge)}}{\text{TC (Total charge)}}$	
Over height: (max: 13' 2" from base of platform)	$\frac{\text{BOF} + (\text{BOF} \times 40\%) + \text{FRS}}{\text{TC}}$	
Over width:	$\frac{\text{BOF} + ((\text{BOF} \times 2) \times 40\%) + \text{FRS}}{\text{TC}}$	
Over height and and over width:	$\frac{\text{BOF} + ((\text{BOF} \times 5) \times 40\%) + \text{FRS}}{\text{TC}}$	

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The above calculations will be modified based on operational dimensions and eventuality of side/top stowage:

For side stow of over width: $\text{BOF} + (\text{BOF} \times 40\%)$ vice $\text{BOF} + ((\text{BOF} \times 2) \times 40\%)$

For side stow of over height/over width: $\text{BOF} + ((\text{BOF} \times 2) \times 40\%)$ vice $\text{BOF} + ((\text{BOF} \times 4) \times 40\%)$

For top stow of over height - BOF - no additional slot

A 40% discount shall be applied for vacant slots in any configuration.

Note: Overdimensional cargo is any cargo which has a dimension (length, width, or height) that exceeds any external dimension of the container most suitable to the cargo when loaded and measured on/in such equipment." Add paragraph (d) to read: "For non-containerizable cargo, the Carrier shall be paid the rate per measurement ton plus the differential percentage outlined in section B for cargo exceeding any of the following: 50,000 lbs.; 40'6" in length; 8'6" in width; or 9'6" in height."

(b) Vacant slots for which charges are assessed will be counted toward the average minimum cargo guarantee stated at G-5.4 of this section.

(c) The Government reserves the right to ship oversized/over dimensional cargo on breakbulk terms. The Carrier, at its discretion, may elect to containerize the cargo, but at no additional cost to the Government above those breakbulk rates specified in Schedule B.

G-7 EXCEPTIONS TO GENERAL APPLICATION OF RATES

G-7.1 Carrier imposed weight restrictions. When a container is precluded from being utilized to its maximum capacity because the Carrier imposed restrictions which limit the weight carrying capacity below the maximum weight carrying capacity of the container, the cargo shall be freighted at the applicable measurement ton basic rate applied to the manifest measure of the cargo and the container shall not be subject to a minimum charge regardless of whether stuffed by the Government or the Carrier. Containers on which such restrictions are imposed shall not be utilized under this contract if acceptable containers are available for the required service from any other Carrier who does not impose a restriction. The Carrier shall give notification of exceptions to weight carrying capacity in accordance with Section H-15.1.

G-7.2 Maximum Charge. The maximum charge for a closed container shall not exceed the measurement ton basic rate applied to one hundred percent of the inside cubic capacity of the container, regardless of the measurement tonnage shown on the manifest.

G-7.3 Government Furnished Containers. The Carrier's charges for through transportation of commercially acceptable dry or reefer Government containers will be ninety-five percent of the appropriate rate for that cargo commodity. The Carrier's charges for empty Government containers shall be one-half the appropriate rate for General Cargo, applied against 80% of the inside capacity of the container. When detention is incurred on the Carrier's chassis in connection with service provided for Government containers, the dry cargo container detention rates will apply.

G-7.4 Discount for Tandem Trailers. If tandem trailers are line hauled, the total freight for that linehaul shall be 170% of the cost of line-hauling one trailer/container.

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G-8 PAYMENT

G-8.1 Entitlement. Freight shall be earned only upon delivery of the cargo at the ultimate destination set forth in the Shipping Order or applicable amendments thereto. Freight shall consist of the sum of all payments due for services actually furnished in accordance with the Shipping Order, and calculated at the rates set forth in Section B.

G-8.2 Submission of Invoices. Invoices shall be submitted in accordance with the Standard Billing Instructions. When a stuffed container has been picked up by the Carrier for movement, or when cargo has been received by the Carrier at its terminal, the Carrier may submit properly certified invoices or vouchers, with respect to the Shipping Order, to Military Sealift Command, Pacific, Accounts Payable (N8), Oakland California 94625-5010. Invoices shall be submitted within 24 months from date of shipment. Invoices received after that time will not be certified for payment, and the Carrier waives any right to payment thereafter.

G-8.3 Determination of Delivery. Delivery of the stuffed container/cargo at ultimate destination and accomplishment of the Shipping Order may, for purposes of payment of freight, be established either by a copy of a receipt signed by the consignee or its agent or upon certification of delivery by the COR based on information available within the Government. For purposes of payment of freight, delivery of cargo shall be deemed to occur upon placement of the stuffed container at ultimate destination or upon expiration of two working days after the Carrier tenders the stuffed container/cargo for delivery at the ultimate destination. The Carrier may notify the MSC paying activity of the date and time of the container arrival at ultimate destination for determination of the two working day basis for payment of freight.

G-8.4 Withholding of Payment. If, after delivery of the cargo or container and unstuffing by the Government, there is any damage to or shortage of cargo not definitely known to be the fault of the Government or its agents, and it is considered by the Contracting Officer that withholding of certain moneys is necessary to protect the interests of the Government pending final determination of the amount of shortage or damage and the Carrier's liability therefor, the dollar amount of such shortage or damage may be estimated and withheld from sums owing to the Carrier by the Government under any Shipping Order. Likewise, the Government may recover charges paid to the Carrier for services and supplies furnished by the Government in connection with the carriage of cargo under one Shipping Order by withholding sums due the carrier from any other Shipping Order or other MSC contacts.

G-8.5 Reimbursement. All charges and expenses incurred for the account of the Government as provided in this contract and which are not paid directly by the Government or by the consignee shall be paid by the Carrier, which shall be reimbursed upon the presentation of properly supported invoices, including, but not limited to Carrier's Interchange Receipt and COR certified invoices.

G-8.6 Payment. Unless otherwise provided herein, payment shall be made on the basis of the number of containers or the tonnage and cargo shown on the manifest. All payments earned on shipments will be made not later than thirty days after a) receipt of a proper invoice, in accordance with the procedures outlined above, or b) evidence of discharge or delivery as described above, whichever occurred later. The failure of the Government to provide a proper manifest in a timely manner shall not preclude the Carrier from submitting a proper invoice upon delivery of cargo as set forth above.

G-9 REFUNDS, REBATES AND CREDITS

The Carrier agrees that any refunds, rebates, credits or other amounts (including any interest thereon) accruing to or received by the Carrier under this Contract shall be paid by the Carrier to the Government to the extent that they are properly allocable to costs, expenses or reimbursements for which the Carrier has been reimbursed by the Government under the terms of this contract.

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G-10 AGREED COST RESPONSIBILITY

G-10.1 General. As a means of facilitating the administration of this contract, the parties have agreed that certain specific items of cost anticipated as likely to arise in the performance of their respective duties under this contract shall be listed. The cost responsibilities of the parties are indicated in subparagraphs G-10.2 and G-10.3 below. Determinations of responsibility for specific items of cost agreed to by the parties under this Section are to be consistent with the substantive clauses of this Contract; provided however, in the event of conflict, the substantive clauses of the contract shall prevail.

G-10.2 Responsibility of the Carrier. The Carrier is responsible for the cost of the following services:

G-10.2.1 Furnishing and maintaining containers and chassis, and furnishing tie down and lashing materials for loading to flat racks, flat cars, or other open top containers.

G-10.2.2 Drayage of containers including: furnishing and maintaining tractors; furnishing drivers; CONUS delivery costs of movement of containers, including tractors and driver; highway, ferry, tunnel and bridge tolls; and user taxes.

G-10.2.3 All costs of vessel operation and all port charges and other expenses charged to the Carrier's vessel.

G-10.2.4 All stevedoring costs and all costs of loading and discharging and preparation therefor.

G-10.2.5 All container terminal costs including: receipt of containers; marshaling of containers; and cleaning containers before stuffing and after unstuffing.

G-10.2.6 All breakbulk terminal costs including loading and discharging operations.

G-10.2.7 Taxes, dues, fees and other charges (including storage charges levied by governments, ports authorities, or wharfingers) on breakbulk cargo, on the containers, and on their contents, if any, except those charges which are payable by the Government.

G-10.3 Responsibility of the Government. The Government is responsible for the cost of the following services:

G-10.3.1 Container stuffing and unstuffing, except when ordered from the Carrier, including: labor employed; packing material and/or dunnage employed; preparing documentation; sealing the container; removal of packing material, dunnage and cover or removal of placards; and sweeping.

G-10.3.2 Miscellaneous dues, fees and charges including: cargo surveyor fees when services are ordered by the Government or when resulting from dispute between the Government and the Carrier resolved in favor of the Carrier; drayage or linehaul charges listed under Section G-6.11 above when performed by the Government.

G-10.3.3 Palletizing, drayage, storage and warehousing; handling charges including terminal tariff handling charges according to the custom of the port; agency fees in connection with port clearance of cargo; customs and other fees, dues and/or taxes charged to the cargo; harbor and quay dues charged to cargo based on local tariffs.

G-10.3.4 Landing and wharfage charges including: landing charges against cargo in accordance with the regulations of the port, including those billed by port authorities to the ship; wharfage charged to military cargo.

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G-10.3.5 Additional personnel ordered by the Government including: transportation and travel time of stevedore personnel when ordered from the local hiring by the Government for its account; documentation of cargo; overtime for customs, agriculture or public health officers provided for the convenience of the cargo, when requested by the Government; special cargo fire or security watch required by port regulations due to loading and discharging operations.

G-10.3.6 Contaminated cargo costs including: fumigation required solely because of contaminated Government cargo, including related costs and detention; crew overtime in connection with standby security watch when required by the ACO during loading and discharging; crew wages, fringe benefits and related payroll tax when ship's crew are performing longshore work in cargo operations at the request of the terminal or by custom of the port including members of the steward's department required to prepare additional meals.

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G-11 RESERVED

G-12. SHIPMENTS BY AUTHORIZED AGENTS OF THE GOVERNMENT. The following provisions apply to shipments by recognized ordering authorities who are agents of the Government and authorized to use contractual rates resulting from this solicitation.

a. Parties to the contract. Parties, on the first part, include the U.S. government and its agents and authorized contractors other than the carrier(s) under this contract, including but not limited to, Code 3 Military Household Goods (MHHG) ITGBL carriers and Point to Point POV Pilot Program (PPPPP) carrier(s) (hereinafter called "the Shipper"), and, on the second part, _____ (the ocean carrier). The Government shall be responsible for designated ordering activities as provided at FAR 51.102(f).

b. Carrier(s) party to contracts awarded pursuant to RFP 00033-97-R-6627 will receive written advice from the ACO of those contractors authorized to ship pursuant to rates established under resulting contract award(s).

c. Booking of cargo. The Shipper agrees to offer cargo for booking upon no less than 7 working days notice prior to a scheduled intermodal point or base port departure date unless a later time is agreed upon by the parties for a particular shipment or group of shipments. For such shipments offered on a port to port basis (e.g., specific port zones) by the authorized agent, the Shipper agrees to offer cargo for booking upon no less than 3 working days notice prior to a base port departure date unless a later time is agreed upon by the parties for a particular shipment or group of shipments. Carriers shall have a maximum of 24 hours to accept an offering of cargo and notify the Shipper of such acceptance.

d. Shipping order. For Code 3 MHHG, the ITGBL carrier will prepare a shipping order substantially in the form of the clearance order/shipping order (JTMO Form 4612/1). For PPPPP shipments, the authorized agent will prepare a shipping order substantially in the form of the shipping order/clearance order (SOCO) (JTMO Form 4612/1). The shipping order shall be evidence of ownership and will constitute the contract of carriage issued to the ocean carrier.

e. Carrier load port. The ocean carrier shall provide the cognizant MTMC activity and the military activity responsible for cargo documentation at each port where containers with Government cargo are loaded with certain information in connection with containers loaded at that port. Container receipt information required at CONUS and designated overseas ports of loading, shall be provided within four hours after a container is received. For ordering activity shipments, container receipt and lift information shall be furnished to the party who ordered the container services stating the Shipping Order number rather than the TCN as used with other DTS shipments (on board ocean bill of lading acceptable.) Container lift information shall be provided within eight (8) hours after vessel departure for CONUS/overseas port. This information shall be provided by a mutually agreeable means and shall indicate as much of the following data for each container received/loaded as is available within that time:

1. Container Receipt Information (CONUS and Designated Overseas Ports of Loading)
 - (a) Name of ocean carrier
 - (b) Port of loading
 - (c) Date container received at port
 - (d) Carrier's container number with ALFA prefix
 - (e) Transportation Control Number (TCN)
 - (f) Seal and/or keyless lock number

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2. Container Lift Information (CONUS/Overseas Ports of Loading)
 - (a) Name of vessel and voyage document number
 - (b) Carrier's container number with ALFA prefix
 - (c) Transportation Control Number (TCN)
 - (d) Port of discharge
 - (e) Final destination
 - (f) General description of container contents, i.e., General Cargo - Mail/Mail Equipment - Privately Owned Vehicles (POV'S) - other Unboxed Wheeled or Tracked Vehicles - Refrigerated Cargo
 - (g) Seal and/or keyless lock number - Note: The carrier is to notify the ACO if a seal on any container has been broken and/or replaced between the time the carrier accepted the loaded container from the Government and the time of arrival at inland destination or point of Government acceptance from the carrier with a complete report as to the circumstances and the reasons therefore.

f. Carrier discharge port. The ocean carrier shall provide the cognizant MTMC port activity with certain information in connection with containers discharged at that port. For authorized agent shipments, container discharge information shall be furnished to the authorized agent's consignee listed on the Shipping Order stating the Shipping Order number (arrival notice or similarly acceptable notice with discharge noted.) This information, which shall be provided for each container discharged as soon as practicable after discharge, but not later than one day following the commencement of drayage or line-haul, shall include the following:

Name and voyage number of vessel making delivery

Name and voyage number of original carrying vessel if transshipped

Date and time the container was discharged from the vessel

Date, time, and mode of commencement of drayage or line-haul from discharge port to inland destination, container number, and consignee.

g. Weekly lift and authorized agent shipment statistics. The Carrier agrees to provide weekly volume information to the COR for all shipments under this contract with statistics specifically segregated from overall lift. Information shall include, but is not limited to, the number of containers by origin or destination, direction and size of equipment.

h. Payment. The authorized agent shall make payment directly to the ocean carrier for services ordered under this agreement. The carrier will provide written verification of delivery to the ordering activity.

i. Detention invoices. The authorized agent ordering services from the ocean carrier is responsible for certification and payment of all container detention charges applicable in accordance with the contract.

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SPECIAL CONTRACT PROVISIONS

H-1 REFERENCES

All references in this contract to "Master" or "Crew" or other ship's personnel shall be deemed to be references to "Carrier's Representative" except when the context precludes such reading. All references to "container" shall be deemed to include trailers and railcars unless the specific language precludes such a reading. All references to "General Cargo" shall be deemed to be references to "General Cargo" except when the context precludes such a reading.

H-2 CONTRACT TYPE

This contract is an Indefinite Delivery Indefinite Quantity contract.

H-3 RESERVED

H-4 DEAD FREIGHT

The Government shall not be liable for payment of dead freight.

H-5 CARGO BOOKING POLICY

H-5.1. General Service Section Cargo. Cargo designated for shipment as container cargo under this Contract will be booked by individual rate category in the following sequence:

- (1) To the low cost carrier, considering all services required from point or port of origin to point or port of destination, providing it offers acceptable space, and a schedule meeting the delivery requirements of the cargo, subject to the limitations specified hereunder in this Section pursuant to limitations, if any, on the availability of operations and maintenance funds in the current year's Department of Defense Authorization or Appropriations Acts.
- (2) In the event the low cost carrier cannot provide acceptable space and an acceptable delivery schedule, then to the next low cost carrier and so on, until a carrier can be found who can provide acceptable space and delivery schedule considering all services required from point or port of origin to point or port of destination and subject to the limitations specified in this clause.

H-5.2 Customer Service Section Cargo.

The Government will book cargo as provided at paragraph H-6.3.2 with the Carrier awarded a contract pursuant to award criteria specified at section M, of the RFP Part I.

H-5.3 Maximum Cargo Limitation.

- (1) To achieve a cargo limitation among the carriers providing satisfactory service on the route that is covered by this contract, the Government intends to book cargo such that no carrier shall receive more than a maximum percentage of seventy-five percent (75%) of the total military cargo (including customer service section cargo) available for carriage under this contract outbound from the United States.
- (2) However, at any time, the foregoing percentage may be increased/decreased, if, in the opinion of the PCO, such change is warranted in view of (a) the number of carriers who have established and maintained a regular carrier service on the above routes, (b) the reasonableness of the rates offered on the above routes, or (c) in the interest of national defense.

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H-5.4. Single lot of two or more Categories. When it is determined that two or more categories of cargo must be transported on one vessel as a single lot, either because of the nature of the cargo or to insure availability of suitable transportation for all cargo included within that lot, the rate favorable carrier shall be determined among those carriers who can provide acceptable space and service for the entire lot of cargo”.

H-6 GOVERNMENT OBLIGATION

H-6.1 Commitment of Cargo.

H-6.1.1 Military and Military Sponsored Cargo. During the period of this Contract and subject to provisions set forth below and in Section H-5, the Government will ship all military and military sponsored cargo offered for commercial transportation in the Defense Transportation System between points and ports in CONUS and Alaska under contracts awarded pursuant to this solicitation.

H-6.1.2 Insufficiency of Service. In the event the space or frequency of service made available by the Carrier is insufficient to meet the requirements of the Government, the Contracting Officer reserves the right to make other arrangements to meet such requirements.

H-6.1.3 Additional Service. During the effective period of this contract, the Government may obtain additional service not specifically identified in Section B, but within the general scope of the Carrier's service covered by this contract, including but not limited to Excepted Category Cargo. Such service may be obtained from contract holders, as appropriate, pursuant to the Changes Clause FAR 52.243-1, Alternate IV (April 1984). The effective period of rates so established shall terminate upon the expiration of the contract performance period identified at clause F-1 herein, unless specified otherwise by the PCO.

H-6.1.4 Exception to Government Commitment. Notwithstanding clause H-6.1, the Government, at its option, may ship under separate contract arrangement independent of the contract:

- Unit movement of military personnel and/or support equipment
- Shipload lots of cargo
- Humanitarian assistance cargo

H-6.2 Shipment Under Public Tariff Terms and Conditions. Notwithstanding the rates, terms and conditions stated herein, the Government shall be provided transportation from the Carrier on the routes covered herein under the rates, terms and conditions set forth in published tariffs of the Carrier that are available to the public, if such published tariffs provide lower overall costs to the Government than rates, terms and conditions under this contract for comparable commodities.

H-6.3 Volume of Cargo - A projection of cargo to move under contracts awarded pursuant to this solicitation is provided in Attachment 4. JTMO does not guarantee the completeness or accuracy of the projection, which is provided for informational purposes only.

H-6.3.1 Alaska General Service

a. Volume Commitments

(1) Minimum.

(a) During the term of this contract the Government agrees to tender for outbound shipments only a minimum volume of cargo for each firm annual contract period calculated at 1045 FEUs of cargo on the route. Such volume shall be booked among all Carriers (in the aggregate) holding outbound contracts that

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maintain the accepted regularly scheduled service provided pursuant to section L-6.3 of the solicitation over the term of the contract or any extension thereof.

(b) For purposes of this contract, a shipment of cargo in a container of forty (40) foot length shall be counted as one FEU, and a shipment of cargo in a container of twenty (20) foot length shall be counted as one-half (.5) FEU. Breakbulk cargo shall be translated to an FEU equivalent by converting the manifest measure of all such cargo using a conversion of one FEU per 41 measurement tons of cargo tendered. Vehicles shall be translated to an FEU equivalent by converting the manifest measure of all such cargo using a conversion of one FEU per 21 measurement tons of cargo. This minimum shall not be commodity specific and may apply to one or all commodities carried by the Carrier, and shall apply to general service trade point/port pairs. Bookings which are tendered to the Carrier up to the maximum space commitment, and which are not accepted by the Carrier for any reason other than force majeure or negligence or fault of the Government, shall be counted against the minimum volume of cargo guaranteed herein.

(c) In the event a Carrier holding a contract on the general service trade is unable to transport the minimum volume guaranteed on the route, the ACO reserves the right to make other arrangements to meet such requirements.

(d) Each Carrier party to this contract will be guaranteed a minimum of 1 FEU equivalent during the term of the contract. In the event the government fails to ship at least 1 FEU equivalent with a carrier, the government shall pay to that carrier a liquidated damage payment in the amount of \$400.00.

(2) Maximum - During the term of this contract, the total cargo to be shipped on the general service trade route, shall not exceed the total FEU vessel capacity of all Carriers holding contracts under this Contract, and which are available to transport cargo on such point/port pairs.

(3) Cessation of Funding. If, due to legislative action (or lack thereof) beyond a particular shipper's control, funding ceases to be available for DTS movement of that shipper's cargo, the shipper shall not be held liable for volume commitment liquidated damages associated with cargo shortfall during the period over which funding is unavailable. Total volume commitment will be adjusted at no cost to the Government.

b. Service Commitment.

(1) Space Commitments: Common Carriers shall be obligated to reserve a minimum container capacity for the carriage of General Cargo, vehicles and reefers over the applicable general service route equal to five (5) percent of the respective vessel's FEU container capacity, for each vessel sailing from CONUS. Five percent of RO/RO capacity reserved shall be based on square footage measure of space available on a vessel. . Five percent of breakbulk capacity reserved shall be based on the bale/cube measure of space available on a vessel All contract Carriers shall be obligated to dedicate a minimum container capacity for the carriage of General Cargo, vehicles and reefers over the applicable general service point/port pairs equal to five (5) percent of the respective vessel's FEU container capacity, for each vessel sailing from CONUS. Five percent of RO/RO capacity reserved shall be based on square footage measure of space available on a vessel. Five percent of breakbulk capacity reserved shall be based on the bale/cube measure of space available on a vessel.

(a) Space available cargo. In addition to the commitment stated immediately above, the Government may book cargo over and above the guaranteed space requirements provided under this contract. The Carrier shall accept such bookings on a space available basis, and, upon acceptance, shall guarantee space and an assured ocean transit of service for such cargo on the specify vessel sailing to which the cargo is booked.

(b) Calculation of space available cargo. Additional cargo shall be counted toward the cargo commitment as contained in section H-6.3.1.a.(1), above.

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(2) Frequency of service. The Carrier agrees to provide and maintain regular liner U.S. flag vessel sailings at each CONUS port in accordance with service offered pursuant to section L-6.3.4 of the solicitation. The shipper shall use the Automated Electronically Transmitted Container Data Information (EDI) or the manifest as a basis to verify the Carrier's frequency of service. In the event both EDI and manifests are available, then EDI will be the controlling source of information. Carriers will be allowed a schedule variable of 20% in the number of days rounded up to the next whole day. Examples of the schedule variable are as follows:

Frequency	Variable Calculation	Frequency variable
every 7 days	20% $7 \times 20\% = 1.4 \text{ days}$	$7 + 2 \text{ (rounded)} = 9 \text{ days}$
every 10 days	20% $10 \times 20\% = 2.0 \text{ days}$	$10 + 2 = 12 \text{ days}$
every 14 days	20% $14 \times 20\% = 2.8 \text{ days}$	$14 + 3 \text{ (rounded)} = 17 \text{ days}$

(3) Service changes.

(a) The Carrier may modify its schedule to reflect permanent changes in its regularly scheduled service as offered pursuant to section L-6.3.4 of the solicitation. Such changes in the Carrier's service during the term of the contract may impact the Carrier's frequency of service and/or assured ocean transit. Therefore, frequency of service and/or assured transit times may be modified and liquidated damages shall not apply during a transition period if the following conditions are met: (1) the Carrier provides notice in writing to the PCO thirty (30) calendar days prior to the implementation of the permanent schedule change, along with a revised description of service in the same manner prescribed at section L-6.3.4 of the solicitation; and (2) the PCO determines that the schedule change does not exceed 120% of the originally offered frequency and/or assured ocean transit over the life of the contract, or (3) the PCO waived conditions (1) and (2), above. For the purposes of the Carrier's service commitments under this contract, the revised service will become effective 30 calendar days from the date of written notice to the PCO ("transition period"), and liquidated damages shall apply to the revised service thereafter.

(b) The Government will consider exemption from Assured Ocean Transit times (H-3.o.B.5(c)) and Frequency of Service standards (H-3.o.B.2) and applicable liquidated damages for carriers that anticipate scheduled drydocking of vessels that call the direct ports listed on the carrier's description of service. Each exception will be reviewed and determined by the ACO based on the extent to which drydocking directly affects the carrier's ability to deliver cargo and provide service on the affected route(s). Each review will be conducted independently of any other, and each determination will stand on its own without regard to establishing precedent. Carriers will provide the ACO a minimum of 120 days notice of an impending drydock. The Drydock Notice will include the vessels, the routes and port calls involved, the dates of the drydocking, the dates of the change in service, and a description of the carrier's best effort to provide the same level of service, including substitution of vessels and other affected assets. Notices submitted less than 120 days before the dry docking will not be considered. Exemptions will not alter established prices and other terms and conditions contained herein, nor will applicable law and regulation be exempted.

(4) Electronic Commerce/Electronic Data Interchange (EDI)

(a) Electronic exchange of booking and intransit status data is required by this contract. EDI is the preferred method for exchange of this data. However, an acceptable alternative is listed below.

(b) Carriers electing to participate in the MTMC EDI are required to execute a Trading Partner Agreement (TPA) with MTMC. This is an umbrella document that describes the use of electronic media and electronic signatures; and establishes EDI transactions as legally enforceable in lieu of signed paper documents. Carriers who have not executed TPAs with MTMC for ocean cargo booking and ITV transactions will initiate a TPA with MTMC no later than 14 calendar days after contract award. The TPA will be approved upon successful completion of transmission tests for each transaction set.

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(c) Carriers shall receive booking data (300) and cancellation data (303) from MTMC, and shall send booking confirmation (301) and intransit status (315) data to MTMC. Carriers shall provide the Government status reports for the following events:

<i>Code</i>	<i>Meaning</i>	<i>Notes</i>
EE	Empty spotted	Empty container outgate is acceptable in lieu of actual spot report.
W	Loaded container	Required only if carrier provides origin depart origin inland dray/line-haul
I	In-gate at POE	
VD	Vessel sails	This report is required at POE and at transshipment ports
VA	Arrival notice	Report ETA at POD 3 days prior to scheduled vessel arrival at POD
A	Vessel arrival	Report actual vessel arrival
UV	Vessel discharge	This report is required at POD and at transshipment ports
OA	Out gate from POD	
X1	Deliver to consignee	
EC	Empty container pick up	

OPTION: Carriers may choose to receive and respond to booking requests and report event status of cargo using MTMC provided dial-in or internet based systems. This capability is in development and is scheduled to be implemented before 15 Jan 1998. The Government will provide instructions/training on use of this system.

(d) Implementation Conventions. The 300, 301, 303 and 315 transaction sets are described in detail in the implementation conventions. Copies of the IC's, when approved, can be obtained from <http://www.imi.org/dtedi>.

(e) This contract includes, by reference, the approved Implementation Conventions for the 300,301,303 and 315 transaction sets. Changes to the IC's are initiated through the Automated Carrier Interface (ACI) Committee which is composed of both government and carrier members. Carriers holding JTMO contracts that require EDI are, or will be, voting members of the ACI Committee. Changes approved by the ACI Committee are forwarded to the EDI governing committee(s) for approval and publication. This contract incorporates changes as may be approved by the ACI Committee for implementation in accordance with the schedules approved by the ACI committee.

(f) At time of contract award MTMC will be transitioning from manual and TDCC formats to ANSI X12 standards. Cargo booking sets 300, 301 and 303 will migrate to ANSI X.12 version

3060. The transition of MTMC systems from TDCC is scheduled to be complete by March 1998. ITV status transaction set 315 will migrate from ANSI X12 version 3030 to version 3060.

(1) Carriers exchanging booking transactions in the TDCC format at time of contract award will convert to ANSI X12 formats by 1 March 1998 or upon suspension of booking operations at MTMC Eastern and Western Area offices, whichever is later.

(2) Carriers not exchanging booking transactions in TDCC format at time of contract award will begin exchanging booking transactions in the ANSI X12 format for shipments originated by the CONUS booking office no later than the effective date of this contract.

(3) Exchange of EDI booking transactions for shipments originated by OCONUS booking offices will be implemented concurrent with implementation of IBS at OCONUS booking offices. Carriers will be provided at least 90 days advance notice of requirements to begin exchanging EDI booking transaction with OCONUS booking offices.

(4) Carriers will begin EDI/ITV status reporting no later than the effective date of the contract.

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(g) Carrier Payment

(1) MSC has been working with interested carriers on standardized EDI Invoice and Remittance formats for sealift services. MSC/JTMO's system to accept these invoices will not be implemented until after the RDC contract becomes effective. Paper invoicing will be required until MSC/JTMO and individual carriers are fully ready for the change over to electronic. Carrier participation is encouraged.

(2) Automated fund transfer (AFT) is the required method of payment. Carrier not yet authorized AFT must provide bank and account information necessary to implement AFT.

(h) Carrier submission of vessel schedules.

(1) Carrier will provide copies of its vessel schedules to the cognizant MTMC booking offices at least 45 days prior to the earliest voyage sail date. Schedules should include all direct and feeder service connections included in carrier's offer. Should the carrier revise the vessel schedule, the carrier shall provide a revised schedule within one day.

(A) Hardcopy or fax schedules will be provided to OCONUS booking offices.

(B) Electronic submission of schedules to the CONUS booking office is required. Carrier will enter schedules into MTMC provided systems (using dial-in or internet based facilities as may be developed by MTMC). Carrier will use MILSTAMP port codes to identify ports-of-call. Instructions for obtaining passwords and accessing MTMC dial-in or internet based vessel schedule entry system will be provided by 15 Dec 1997.

(i) Liquidated damages.

(1) Timeliness of initial submissions. Voyage data provided to MTMC less than 45 days before the earliest sail date on the voyage will be considered a late submission and the carrier shall be assessed a liquidated damage of \$250 per voyage. Damages will be assessed at the expiration of the contract.

(2) Reliability. Carrier shall provide timely notice of schedule changes. Actual POD arrivals of more than two days from the scheduled POD arrival dates in effect 7 days prior to sail date will be considered as unreliable and subject to liquidated damages of \$50 for each port POD on the schedule with delivery slippage of more than two days. Damages will be assessed at the expiration of the contract

(j) Exceptions to EDI requirements: As circumstances warrant, the PCO may unilaterally modify the contract, in whole or part, and exempt carrier from specific EDI requirements. This modification may be for a specified time period, or for the duration of the contract.

(k) EDI addressing and testing requirements information will be provided by HQMTMC (JTMO). Point of Contact to address any questions is Mr. Joe Crandell, Tel (703) 681-6717.

(5). Non-Performance

(a) Failure to Load Containers. If, for reasons other than Force Majeure, a stuffed container is released by the Government within reasonable time to meet the scheduled sailing time and date of the Carrier's vessel to which it is booked and the container is delayed, through fault of the Carrier, thereby precluding the container from being loaded on the vessel, the Carrier shall be liable for liquidated damages. The parties expressly agree and stipulate for each container (FEU) not lifted, the measure of such liquidated damages shall be the sum of four hundred dollars (\$400). Liquidated damages under this paragraph shall be independent of any liquidated damages assessed under paragraph H-6.3.2., below, or excess costs which may be assessed under the Default clause. As such, liquidated damages are separate and independent of damages resulting from excess costs assessable under the Default clause of this Contract.

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(b) Frequency of Service. If, for reasons other than Force Majeure, the Carrier fails to maintain sailing frequency within the 20% schedule variable limit as specified in paragraph H-6.3.1.b.(2). herein, the Carrier shall, in place of actual damages, pay to the Government as fixed and agreed, liquidated damages, for each calendar day of delay, the sum of twenty dollars (\$20) for each container (FEU) based on the number of containers (FEU's) booked to that delayed vessel. Liquidated damages under this paragraph shall be independent of any liquidated damages assessed under paragraph H-6.3.2., herein, or excess costs which may be assessed under the Default clause. As such, liquidated damages are separate and independent of damages resulting from excess costs assessable under the Default clause of this Contract.

(c) Assured ocean transit If, for reasons other than Force Majeure, the Carrier fails to deliver the containers within the ocean transit time limits as set forth in its description of service provided pursuant to section L-6.3.4 of the solicitation, the Carrier shall, in place of actual damages, pay to the Government as fixed and agreed, liquidated damages, for each calendar day, or part thereof of delay, the sum of \$35.00 for dry and reefer freeze containers, and the sum of \$100.00 for reefer chilled containers.

(d) Government Performance. If, for reasons other than Force Majeure or Carrier inability to transport the cargo, the Government fails to meet the minimum volume cargo commitment as specified in Section H-6.3.1.a., herein, the Government shall, in place of actual damages, pay to the Carrier as fixed and agreed, liquidated damages, in the amount of four hundred dollars (\$400.00), for each container (FEU) in default, and that no further liability shall be incurred by the Government for such cause. Liquidated damages payable to carriers will be divided among the carriers participating on the general service point/port pairs proportionately according to the quantity of cargo carried by each carrier.

(e) Liquidated Damage Records. The ACO, will determine if any liquidated damages are due to parties to the contract.

(1) For liquidated damages due to the Government, the ACO shall maintain a list of containers in default, frequency of service defaults and assured transit defaults, during each month of Contract period. The ACO shall send Liquidated Damage Calculation Notice (LDCN) to the Carrier with a copy to the PCO, of the specified defaults within 10 working days after the end of each month of the Contract period. The Carrier will have 10 working days from the date of LDCN to review and provide the ACO with any documentation available to substantiate a correction to the LDCN. The ACO shall have 10 working days to review the Carrier's submission and issue an amended LDCN if required. In the event that the Carrier and the ACO are unable to reach agreement, the ACO shall refer that portion of the LDCN to the PCO for a determination. The Shipper shall offset the amount of any LDCN against monies due and payable under any shipping order at regular intervals. However, no disputed portion of the LDCN shall be offset until the PCO has rendered a decision.

(2) For liquidated damages due to the Carrier, the ACO shall submit within 10 working days of the end of each three month period of the contract to the Carrier, with a copy to the PCO, a statement of the quantity of cargo offered under this Contract. A cumulative final statement for the Contract will be submitted within 10 working days of the Contract expiration and payment will be due to the Carrier 30 days after the final statement is issued.

(6) Force Majeure.

Liquidated damages shall not be assessed under this section for failure to perform which arises from causes beyond the control and without the fault or negligence of the breaching party. Examples of such causes are Acts of God or of Public Enemies, acts of the Government as either a sovereign or, for purposes of section H-6.3.1.b.5.(a) only, its contractual capacity, fires, floods, epidemics and quarantine restrictions, strikes, freight embargoes, and unusually severe weather.

H-6.3.2 Customer Service Section: DoD Shipper: Army Air Force Exchange Service (AAFES)

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A. Minimum and Maximum Commitment of Customer Service Section Cargo

1. Minimum

(a) During the term of this contract, the Government agrees to tender for shipment with the Carrier holding the Alaska Customer Service contract cargo specified in this CSS for which rates are specified in Section B-II. The minimum shall apply to the Carrier providing all U.S. flag service only on the point/port pairs specified herein for the full term of the contract.

(b) The cargo volume guarantee on an annual basis is as follows. These quantities shall be adjusted proportionately to reflect a longer or shorter contract period.

Routes	FEUs
NORTHBOUND	
Puget Sound to Anchorage Commercial Zone	280
Puget Sound to Eielson AFB	70
Puget Sound to Fairbanks	215
Puget Sound to Fort Greely	35
LINEHAUL	
San Francisco Bay Ports to Puget Sound Port	600

(c) For purposes of this contract, a shipment of cargo in a container of forty (40) foot length shall be counted as one FEU, and a shipment of cargo in a container of twenty (20) foot length shall be counted as one-half (.5) FEU. This minimum shall not be commodity specific and may apply to one or all commodities carried by the Carrier, and shall apply to trade point/port pairs specified above. Bookings which are tendered to the Carrier up to the maximum space commitment, and which are not accepted by the Carrier for any reason other than force majeure or negligence or fault of the Government, shall be counted against the minimum volume of cargo guaranteed herein.

2. Maximum - During the term of this contract, the total cargo to be shipped on the trade port/point pairs specified above, shall not exceed the total FEU vessel capacity of the Carrier holding a contract.

3. In the event a Carrier holding a contract on the trade point/port pairs specified in this section is unable to transport the minimum volume guaranteed on that route/zone, the ACO reserves the right to make other arrangements to meet such requirements.

B. SHIPPER (GOVERNMENT) MINIMUM CARGO COMMITMENT (MCC)

1. The Shipper undertakes to ship a minimum quantity of 600 dry forty foot equivalent units (FEUs) of container cargo during the term of this Contract. If the Shipper meets its cargo commitment prior to the expiration of this Contract, the Shipper may ship additional cargo up to 350 dry FEUs under the same rates, terms and conditions or the Shipper may ship the cargo under the rates, terms and conditions contained in the General RDC-01 Contract. For purposes of this Contract, a shipment of cargo in a container of forty (40) foot length or longer shall be counted as one (1) FEU and a shipment of cargo in a container of twenty (20) foot length shall be counted as one-half (.5) FEU.

C. CARRIER RATE SCHEDULE AND SERVICE COMMITMENTS

1. The Carrier shall provide, at a minimum, a regular weekly sailing from Puget Sound port, for the regular, weekly arrival of all Customer Service container cargo destined to Alaska final destinations.

2. The Carrier shall guarantee both the liner term port/port and through service rates set forth in Attachment B - Alaska Customer Service of this Contract for all cargo shipped pursuant thereto during its term.

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3. The Carrier's total transit time from Puget Sound port (load on board "last port" actual sailing date) to any inland destination shown in H-6.3.2.A.1.(a) shall not exceed 5 calendar days respectively. Should the 5th calendar day fall on either Saturday, Sunday or a holiday, thereby prohibiting delivery to the consignee, through no fault of the Carrier, delivery shall be the next working day and will be accepted under the terms and conditions of this Customer Service Section.

4. The Carrier shall provide space for 10 FEUs of dry containers per week, and space to accommodate up to an additional 6 FEUs of dry containers for the same week when a 8 day advance notice is received from the Shipper.

5. The booking agency may book container(s) over and above the guaranteed space requirements from any CONUS base port within 7 days of the vessel sailing. Such bookings will be lifted on a "space available" basis and the container(s) will be counted towards the cargo commitment IAW H-6.3.2.B(1).

6. The Carrier shall provide the Shipper with sufficient and suitable containers and chassis, at origin locations, that will permit the Shipper to meet the volume commitment at least 6 days prior to the Carrier's scheduled sailing, provided that bookings are IAW Term no. H-6.3.2.C(8)

7. The Carrier shall provide equipment in compliance with ISO standards, and guarantee that such equipment will be deemed safe and satisfactory by the Ordering Officer (OO) for the transport of the shipment. The Carrier shall bear any and all costs incurred from rejection and/or repositioning of equipment that the OO determines to be unacceptable.

8. The total amount of free time in Alaska allowed for each dry container will be 7 calendar days. When the 7th day falls on a Saturday, Sunday or holiday, the allowed free time will be extended to the next working day.

9. The Government will book containers with no less than a 7 day notice prior to scheduled sailing. The Carrier shall provide the port of loading and discharge to the Government at the time of all single factor bookings.

10. The Government will deliver containers in time to meet the locally advertised vessel cut-offs at each origin. The Carrier shall provide the Shipper (OO) all local advertised vessel cut-offs within 7 days after contract award.

11. The Carrier shall notify the Contracting Officer Representative (COR) no less than 24 hours when it is determined by the Carrier that container(s) will not be lifted IAW the scheduled booked sailing. The COR will notify the consignee upon such notice to allow consignee time to redirect priority of cargo lift. Container(s) "shut out" from scheduled sailings shall be lifted for the next subsequent weekly sailing and shall receive priority on carriage from port of discharge (POD) to consignee to ensure RDD integrity.

12. Lift data on the Government manifest and/or data provided by the Electronically Transmitted Container Data process will be used to compute the number of containers lifted. The Government will have the option to determine how to move container(s) not lifted as part of the guaranteed volume. When the Government requires the Carrier to move the container(s), the Carrier shall lift the container(s) on the next subsequent U.S. flag vessel sailing weekly from the port of embarkation (POE). Container(s) will not be counted toward the minimum cargo commitment. The lifting of these container(s) does not relieve the Carrier of its contractual responsibility for that subsequent week's lift.

13. The Carrier shall establish one (1) initial empty dry container (with chassis) pool consisting of ten (10) dry FEU's within seven (7) days of contract award at the following CONUS location:

OAKLAND DISTRIBUTION CENTER, Oakland, CA.

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Following the first weekly lift, the Carrier shall maintain a weekly pool in this location at the minimum-maximum levels ODC: 10-16.

5. Electronic Commerce/Electronic Data Interchange (EDI)

(a) Electronic exchange of booking and intransit status data is required by this contract. EDI is the preferred method for exchange of this data. However, an acceptable alternative is listed below.

(b) Carriers electing to participate in the MTMC EDI are required to execute a Trading Partner Agreement (TPA) with MTMC. This is an umbrella document that describes the use of electronic media and electronic signatures; and establishes EDI transactions as legally enforceable in lieu of signed paper documents. Carriers who have not executed TPAs with MTMC for ocean cargo booking and ITV transactions will initiate a TPA with MTMC no later than 14 calendar days after contract award. The TPA will be approved upon successful completion of transmission tests for each transaction set.

(c) Carriers shall receive booking data (300) and cancellation data (303) from MTMC, and shall send booking confirmation (301) and intransit status (315) data to MTMC. Carriers shall provide the Government status reports for the following events:

<i>Code</i>	<i>Meaning</i>	<i>Notes</i>
EE	Empty spotted	Empty container outgate is acceptable in lieu of actual spot report.
W	Loaded container	Required only if carrier provides origin depart origin inland dray/line-haul
I	In-gate at POE	
VD	Vessel sails	This report is required at POE and at transshipment ports
VA	Arrival notice	Report ETA at POD 3 days prior to scheduled vessel arrival at POD
A	Vessel arrival	Report actual vessel arrival
UV	Vessel discharge	This report is required at POD and at transshipment ports
OA	Out gate from POD	
X1	Deliver to consignee	
EC	Empty container pick up	

OPTION: Carriers may choose to receive and respond to booking requests and report event status of cargo using MTMC provided dial-in or internet based systems. This capability is in development and is scheduled to be implemented before 15 Jan 1998. The Government will provide instructions/training on use of this system.

(d) Implementation Conventions. The 300, 301, 303 and 315 transaction sets are described in detail in the implementation conventions. Copies of the IC's, when approved, can be obtained from <http://www.imi.org/dtedi>.

(e) This contract includes, by reference, the approved Implementation Conventions for the 300,301,303 and 315 transaction sets. Changes to the IC's are initiated through the Automated Carrier Interface (ACI) Committee which is composed of both government and carrier members. Carriers holding JTMO contracts that require EDI are, or will be, voting members of the ACI Committee. Changes approved by the ACI Committee are forwarded to the EDI governing committee(s) for approval and publication. This contract incorporates changes as may be approved by the ACI Committee for implementation in accordance with the schedules approved by the ACI committee.

(f) At time of contract award MTMC will be transitioning from manual and TDCC formats to ANSI X12 standards. Cargo booking sets 300, 301 and 303 will migrate to ANSI X.12 version 3060. The transition of MTMC systems from TDCC is scheduled to be complete by March 1998. ITV status transaction set 315 will migrate from ANSI X12 version 3030 to version 3060.

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(1) Carriers exchanging booking transactions in the TDCC format at time of contract award will convert to ANSI X12 formats by 1 March 1998 or upon suspension of booking operations at MTMC Eastern and Western Area offices, whichever is later.

(2) Carriers not exchanging booking transactions in TDCC format at time of contract award will begin exchanging booking transactions in the ANSI X12 format for shipments originated by the CONUS booking office no later than the effective date of this contract.

(3) Exchange of EDI booking transactions for shipments originated by OCONUS booking offices will be implemented concurrent with implementation of IBS at OCONUS booking offices. Carriers will be provided at least 90 days advance notice of requirements to begin exchanging EDI booking transaction with OCONUS booking offices.

(4) Carriers will begin EDI/ITV status reporting no later than the effective date of the contract.

(g) Carrier Payment

(1) MSC has been working with interested carriers on standardized EDI Invoice and Remittance formats for sealift services. MSC/JTMO's system to accept these invoices will not be implemented until after the RDC contract becomes effective. Paper invoicing will be required until MSC/JTMO and individual carriers are fully ready for the change over to electronic. Carrier participation is encouraged.

(2) Automated fund transfer (AFT) is the required method of payment. Carrier not yet authorized AFT must provide bank and account information necessary to implement AFT.

(h) Carrier submission of vessel schedules.

(1) Carrier will provide copies of its vessel schedules to the cognizant MTMC booking offices at least 45 days prior to the earliest voyage sail date. Schedules should include all direct and feeder service connections included in carrier's offer. Should the carrier revise the vessel schedule, the carrier shall provide a revised schedule within one day.

(A) Hardcopy or fax schedules will be provided to OCONUS booking offices.

(B) Electronic submission of schedules to the CONUS booking office is required. Carrier will enter schedules into MTMC provided systems (using dial-in or internet based facilities as may be developed by MTMC). Carrier will use MILSTAMP port codes to identify ports-of-call. Instructions for obtaining passwords and accessing MTMC dial-in or internet based vessel schedule entry system will be provided by 15 Dec 1997.

(i) Liquidated damages.

(1) Timeliness of initial submissions. Voyage data provided to MTMC less than 45 days before the earliest sail date on the voyage will be considered a late submission and the carrier shall be assessed a liquidated damage of \$250 per voyage. Damages will be assessed at the expiration of the contract.

(2) Reliability. Carrier shall provide timely notice of schedule changes. Actual POD arrivals of more than two days from the scheduled POD arrival dates in effect 7 days prior to sail date will be considered as unreliable and subject to liquidated damages of \$50 for each port POD on the schedule with delivery slippage of more than two days. Damages will be assessed at the expiration of the contract.

(j) Exceptions to EDI requirements: As circumstances warrant, the PCO may unilaterally modify the contract, in whole or part, and exempt carrier from specific EDI requirements. This modification may be for a specified time period, or for the duration of the contract.

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(k) EDI addressing and testing requirements information will be provided by HQMTMC (JTMO). Point of Contact to address any questions is Mr. Joe Crandell, Tel (703) 681-6717.

6. Non-Performance

(a) Failure to Load Containers. If, for reasons other than Force Majeure, a stuffed container is released by the Government within reasonable time to meet the scheduled sailing time and date of the Carrier's vessel to which it is booked and the container is delayed, through fault of the Carrier, thereby precluding the container from being loaded on the vessel, the Carrier shall be liable for liquidated damages. The parties expressly agree and stipulate for each container (FEU) not lifted, the measure of such liquidated damages shall be the sum of four hundred dollars (\$400). Liquidated damages under this paragraph shall be independent of any liquidated damages assessed under paragraph H-17 and (c) below or excess costs which may be assessed under the Default clause. As such, liquidated damages are separate and independent of damages resulting from excess costs assessable under the Default clause of this Contract.

(b) Frequency of Service. If, for reasons other than Force Majeure, the Carrier fails to maintain sailing frequency as specified in paragraph H-6.3.C.1 herein, the Carrier shall, in place of actual damages, pay to the Government as fixed and agreed, liquidated damages, for each calendar day of delay, the sum of twenty dollars (\$20) for each container (FEU) based on the number of containers (FEU's) booked to that delayed vessel. Liquidated damages under this paragraph shall be independent of any liquidated damages assessed under paragraph H-6.3.1.6. (a) and (c) herein or excess costs which may be assessed under the Default clause. As such, liquidated damages are separate and independent of damages resulting from excess costs assessable under the Default clause of this Contract.

(c) Assured ocean transit If, for reasons other than Force Majeure, the Carrier fails to deliver the containers within the ocean transit time limits as set forth in it's Description of Service Form 4280/31, the Carrier shall, in place of actual damages, pay to the Government as fixed and agreed, liquidated damages, for each calendar day, or part thereof of delay, the sum of \$35.00 for dry and reefer freeze containers, and the sum of \$100.00 for reefer chilled containers.

(d) Government Performance. If, for reasons other than Force Majeure or Carrier inability to transport the cargo, the Government fails to meet the minimum volume cargo commitment as specified in Section H-6.3.1.A.1.(a) herein, the Government shall, in place of actual damages, pay to the Carrier as fixed and agreed, liquidated damages, in the amount of four hundred dollars (\$400.00), for each container (FEU) in default, and that no further liability shall be incurred by the Government for such cause. Liquidated damages payable to carriers will be divided among the carriers participating on the point/port pairs proportionately according to the quantity of cargo carried by each carrier.

(e) Liquidated Damage Records. The ACO, will determine if any liquidated damages are due to parties to the contract.

(1) For liquidated damages due to the Government, the ACO shall maintain a list of containers in default, frequency of service defaults and assured transit defaults, during each month of Contract period. The ACO shall send Liquidated Damage Calculation Notice (LDCN) to the Carrier with a copy to the PCO, of the specified defaults within 10 working days after the end of each month of the Contract period. The Carrier will have 10 working days from the date of LDCN to review and provide the ACO with any documentation available to substantiate a correction to the LDCN. The ACO shall have 10 working days to review the Carrier's submission and issue an amended LDCN if required. In the event that the Carrier and the ACO are unable to reach agreement, the ACO shall refer that portion of the LDCN to the PCO for a determination. The Shipper shall offset the amount of any LDCN against monies due and payable under any shipping order at regular intervals. However, no disputed portion of the LDCN shall be offset until the PCO has rendered a decision.

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(2) For liquidated damages due to the Carrier, the ACO shall submit within 10 working days of the end of each three month period of the contract to the Carrier, with a copy to the PCO, a statement of the quantity of cargo offered under this Contract. A cumulative final statement for the Contract will be submitted within 10 working days of the Contract expiration and payment will be due to the Carrier 30 days after the final statement is issued.

7. Force Majeure.

Liquidated damages shall not be assessed under this section for failure to perform which arises from causes beyond the control and without the fault or negligence of the breaching party. Examples of such causes are Acts of God or of Public Enemies, acts of the Government as either a sovereign or, for purposes of section H-6.3.1.A.1(a) only, its contractual capacity, fires, floods, epidemics and quarantine restrictions, strikes, freight embargoes, and unusually severe weather.”

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H-7 LIMITATIONS OF CARRIER'S OBLIGATION

H-7.1 Cargo Rejection. Notwithstanding any other provisions of this contract, the Carrier shall have the right to reject any hazardous cargo including explosives (other than Class 1 division 1.4, small arms); dry or liquid bulk cargo (i.e., not packaged, containerized or in tank containers); any specie (coin as distinguished from money); any species of live animals and other cargo deemed by the Carrier to be dangerous or obnoxious in character other than such cargo for which a commodity rate is provided herein. Any such cargo accepted for carriage shall be freighted at the General Cargo rate.

H-7.2 Unsafe Operation. The Carrier shall not be required to receive or deliver containers at points or places where it is impracticable or unsafe to operate tractors and chassis due to conditions of roads, streets, or alleys or when prevented from doing so because of fire, acts of God, acts of war, riots, civil commotions, strikes, lockouts, stoppages or restraints of labor or other labor disturbances.

H-7.3 Hazardous Cargo. The transportation and handling of hazardous cargo for shipment shall be subject to Title 49 of the Code of Federal Regulations, Part 171 et seq. (49 CFR) in force at the time of shipment. The Carrier shall refuse to transport hazardous cargo, either by land or by ocean, which does not conform in all aspects to these regulations and any other applicable U.S. governmental regulations. If the Carrier refuses to pick up a container based on non-compliance with appropriate regulations as stated herein, the Government shall reimburse the Carrier for all actual line-haul expenses incurred as a result of Government failure to comply with applicable hazardous cargo regulations.

H-8 DESCRIPTION OF BARGE SERVICE

If the Carrier provides common Carrier service via a barge system, the following additional provisions apply.

H-8.1 Application of COGSA.

H-8.1.1 Period of Liability. The Carrier will be liable for cargo claims in accordance with the Carriage of Goods by Sea Act, 46 USC 1300 et seq. (See Section H-32) from the time the cargo is loaded on a barge to the time the cargo is discharged from the barge.

H-8.1.2 Limitation of shipowner's Liability. On any voyage, the Carrier will not invoke limitation of shipowner's liability under 46 USC 183 for aggregate losses or damages to cargo in barges to a value less than the limitation value of the tug(s) and barges at time completion of the voyage.

H-8.1.3 Barge Not a Package. A barge will not be deemed to be a package within the meaning of the \$500 package limitation in Section 1304 of Title 46 of the United States Code.

H-8.2 Government Liability. The Government will not be liable for any damage sustained by a barge or tug while alongside a loading or discharging facility, except to the extent that it would be liable for such damage to an oceangoing vessel alongside such facility under the law and other terms of this contract.

H-8.3 Containerized Cargo. All containerized cargo in or on barges will be considered to be stowed underdeck.

H-8.4 Mooring Lights. All barges will be equipped with sufficient battery-operated mooring lights, when required.

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H-9 DAMAGE TO EQUIPMENT

H-9.1 Damage to Carrier Equipment. Should the container, chassis, or any other piece of Carrier equipment be damaged by act of the Government, its agents, employees, or contractors while such Carrier equipment is in the custody of the Government, its agents, employees or contractors, the Government shall repair or reimburse the Carrier the least of the following: the reasonable costs of repairs; the fair market value immediately prior to the damage; or the depreciated value on the Carrier's books. The Carrier will assign to the Government any rights, causes of action, or other claims which the Carrier may have against third parties with respect to such damage. The Government shall not be liable for the repair of any damage under this Section unless written notice specifying such damage shall have been given to and acknowledged by the Government or its authorized representative at the time custody of the container or other equipment is returned to the Carrier. Claims submitted under this clause for damage to Carrier equipment shall be filed with Commander, Military Sealift Command, Pacific, ATTN: Code N10, Oakland, California 94625-5010.

H-9.2 Damage to Carrier Vessel or Vessel Equipment. Should the vessel or its equipment be damaged by act, neglect or failure of equipment of the Government, its agents, employees, or contractors in loading or discharging the vessel, the Government shall reimburse the Carrier the reasonable costs of repairs and the Carrier will assign to the Government any rights, causes of action, or other claims which the Carrier may have against third parties with respect to such repairs. In the event that any damage should occur to the vessel or its equipment as a result of the joint fault of the Carrier and the Government, payment for such damage shall be apportioned pro-rata in accordance with the respective degrees of fault. The Government shall not be liable for the repair of any damage under this Section unless notice specifying such damage and the name(s) of the party or parties causing such damage shall have been given to and acknowledged by the Government or its authorized representative as soon as possible after the occurrence of such damage, or in any event before the vessel leaves the berth or anchorage where the damage occurred, and provided, further, that the Government shall not be liable for the repair of any damage under this Section if such damage is caused by a contractor by the Carrier and payment therefor has been refused.

H-9.3 Damage to Government Equipment. The Carrier shall be liable for loss of or damage to Government containers and chassis while in the Carrier's custody to the same extent that the Government is liable for loss or damage to the Carrier equipment while in the Government's custody. The Carrier will not procure insurance coverage on Government containers and will not be liable for any loss thereof under circumstances covered by the Carrier's war risk insurance on its own containers.

H-10 GOVERNMENT FURNISHED CONTAINERS

From time to time the Government may book cargo for carriage in Government-owned or leased containers. It is contemplated that Government containers will usually be 20 foot closed top, dry ISO cargo containers, although other types and sizes of containers may be utilized. The Carrier will furnish any additional equipment, including chassis, necessary for the carriage of cargo in Government containers in accordance with the provisions of this Contract and the requirements of particular shipping orders. All provisions of this Contract shall apply to the carriage of cargo in Government containers in the same manner that they apply to the carriage of cargo in the Carrier's container.

H-11 GOVERNMENT LIABILITY FOR IMPROPER DOCUMENTATION

If the Government does not provide the Carrier with the correct container documentation at the time and location of Carrier acceptance, the Carrier may refuse to pickup or accept the container. If the Carrier refuses to accept a container because the Government has not provided proper documentation, the Government shall reimburse the Carrier for actual costs incurred if the Carrier has made a futile trip in connection with such circumstance. If the Carrier chooses to pick-up or accept the container, the Carrier shall provide the cognizant MTMC manifesting activity with all the missing receipt or lift data in order that the container can be completely identified for onward movement. This information must be provided within one (1) working day of receipt or lift, or earlier if necessary to meet the scheduled vessel sailing.

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H-12 GOVERNMENT LIABILITY FOR CONTAINERS SPOTTED BUT NOT USED

In the event the OO orders and the Carrier delivers an acceptable container which is subsequently released without utilization, the government shall, nevertheless, pay to the Carrier the applicable drayage/line-haul charge for such container as though it had actually been used between the place of stuffing and the Carrier's loading terminal. If the container is subsequently ordered to be delivered at another place, the Government shall pay the Carrier the applicable stop-off charge as if a stop-off service had been ordered.

H-13 FAILURE TO SPOT

H-13.1 Remedies. When the Carrier fails to spot an empty container by the designated date and time, and as a result there is not reasonable time to allow stuffing and release of the container in sufficient reasonable time to meet the scheduled sailing date of the vessel to which the container is booked, the Carrier shall be liable either for the payment of liquidated damages or for the reimbursement of expenses incurred by the Government to obtain alternate transportation of the container. The Government shall also be entitled to cancel the booking of such cargo.

H-13.2 Liquidated Damages. Liquidated damages shall be equal to the detention charges in Section H-25 for each 24-hour period, or pro-rata for part thereof, from the time of completion of loading of the vessel to which the container was originally booked to the time of commencement of loading of the Carrier's next scheduled vessel to the port of destination to which the container was booked. If the Government cancels the booking, the Carrier's liability for liquidated damages shall be limited to the period ending with cancellation.

H-13.3 Alternate Transportation. If the Government elects to employ alternate intermodal surface transportation to move the container to another port, the Carrier shall be liable for any expenses or costs incurred by the Government above the expenses that normally would have been incurred had the container been furnished by the designated time and date.

H-13.4 Government Responsibility for Failure. Neither liquidated damages nor charges for Government expenses will be assessed if the Carrier can establish: 1) that the inability to spot the container as agreed is the result of the Government's failure to unstuff and release an empty container to the Carrier within a reasonable time to meet the required spot date; 2) that it advised the OO of such inability at least seven calendar days prior to the required spotting date; and 3) that the Carrier only accepted bookings which could reasonably be expected to be fulfilled.

H-14 DELAY IN SPOTTING

When the Carrier fails to spot an empty container by the designated date and time, and as a result the Government must incur overtime expenses to enable stuffing and release of the container by the Government prior to the scheduled sailing date of the vessel, the Carrier shall be liable for payment of liquidated damages equal to the total overtime expense incurred by the Government.

H-15 OVERWEIGHT CONTAINERS

H-15.1 Notification. At the time of booking, the Carrier shall notify the OO if the maximum cargo weight which can be loaded into a container which is to be stuffed by the Government is less than the standard legal maximum cargo weight capacity for the container, and the reason therefor.

H-15.2 Cost Liabilities. If the Government stuffs a container with cargo weighing in excess of the container's standard maximum weight carrying capacity or in excess of any lesser weight of which it has been given notice under Section H-15.1, it shall remove, or pay the expenses of the Carrier in removing or handling the excess weight of cargo. All consequences or liabilities that may result from excessive weight of containers stuffed by the Carrier, shall be the responsibility of the Carrier. All fees or other costs incident to weighing container(s) shall be the responsibility of the Carrier.

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H-15.3 Carriage of Overweight Containers. The Carrier shall not refuse to carry a container Northbound between a CONUS port and Alaska that weighs in excess of the local legal maximum weight allowed by U.S. Federal, state, or local governments if the container can be discharged from the vessel and the excess weight of cargo can be removed without violation of the applicable law, regulation, or ruling that established the maximum weight.

H-16 GOVERNMENT FAILURE TO TIMELY RELEASE CONTAINERS

H-16.1 Occurrence. When a container which has been positioned at a Government stuffing facility in excess of 48 hours is not released by the Government within a reasonable time to meet the scheduled sailing time and date of the Carrier's vessel to which it is booked, thereby precluding the container from being loaded on the vessel, the Government shall have the alternatives set forth below. In no event will the Government be liable for vessel demurrage or dead freight as a result of failure to release a container in time to meet a specified vessel sailing.

H-16.2 Load on the Next Vessel. The Government may allow the Carrier to load the container on the next vessel scheduled to the booked port of debarkation and pay the Carrier detention charges (set forth in Section H-25) from the time of completion of loading of the vessel to which the container was originally booked to the time of the commencement of loading of the Carrier's next scheduled vessel to the port of debarkation to which the container is booked.

H-16.3 Move to Another Place for Shipping. The Government may order the Carrier to move the container to another place, including another Carrier's terminal. The Government shall bear all costs of such movement. The Government shall return the container to the Carrier at the port of debarkation and shall pay the Carrier the applicable detention charges set forth in Section H-25 during the time it is in possession of the Government.

H-16.4 Unstuff the Container. The Government may order the Carrier to move the container to another place for unstuffing. The Government shall bear all costs of such movement and shall pay detention charges set forth between the time of completion of loading of the vessel to which the container was booked and the release of the empty container.

H-17 CARRIER FAILURE TO LOAD CARGO

H-17.1 Occurrence. When cargo is tendered to the Carrier by the Government within a reasonable time (in accordance with established vessel sailing cut-off times) to meet the scheduled sailing time and date of the Carrier's vessel to which it is booked and the cargo is delayed, through fault of the Carrier, thereby precluding the cargo from being loaded on the vessel, the Government shall have the remedies set forth below. This paragraph and the associated remedy of liquidated damages for Carrier non-compliance applies to Carrier/Government-stuffed containers, containerized/non-containerized POV's and military vehicles, and LCL cargo commingled with commercial cargo.

H-17.2 Load on the Next Vessel. The Government may order the Carrier to load the cargo on the next vessel scheduled to the same port of debarkation and hold the Carrier liable for liquidated damages equal to detention charges from time of completion of loading of the vessel to which the container was originally booked to the time of completion of loading of the Carrier's next scheduled vessel to the port of debarkation to which the container is booked and hold the Carrier liable for liquidated damages equal to detention charges in Section H-25 for each 24-hour period, or pro-rata for part thereof, from the time of completion.

H-17.3 Move to Another Shipping Place. The Government may order the Carrier to move the cargo to another place, including another Carrier's terminal, and the Carrier shall bear all cost of such movement. The Government shall return the container to the Carrier at the port of debarkation. The Carrier shall be liable for liquidated damages equal to detention charges commencing at the time of completion of loading of the vessel to which the container was originally booked and ending when the vessel on which the container is loaded sails. The Carrier shall also be liable for freight, and any other expenses, paid by the Government for movement of the container over that freight which would have been paid to the Carrier if it had been loaded as originally booked. The Carrier shall

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be liable for liquidated damages equal to detention charges in Section H-25 for each 24-hour period, or pro-rata for part thereof, commencing at the time of completion.

H-17.4 Return the Cargo. The Government may elect to return the cargo to the Carrier. In the case of containerized cargo, the Carrier shall move the container to a place designated by the OO for unstuffing and shall bear all costs for such movement and unstuffing. The Government shall not be obligated to pay for use of the container. The Carrier shall be liable for liquidated damages in an amount equal to detention charges in Section H-25 for each 24-hour period, or pro-rata for part thereof, commencing at the time of completion of loading of the vessel to which the cargo was originally booked and ending when the OO notifies the Carrier of this course of action.

H-18 NO FAULT FAILURE TO MEET SAILING

H-18.1 Occurrence. If a container stuffed with cargo misses the sailing for which it is scheduled due to no fault of the Government or the Carrier, the Government shall have the remedies set forth below.

H-18.2 Load on the Next Vessel. The Government may order the Carrier to load the container on the next vessel scheduled to the same port of debarkation. The Government shall pay only for freight and usual charges.

H-18.3 Move to Another Shipping Place. The Government may order the Carrier to move the container to another place, including another Carrier's terminal. The Government shall bear all costs for such movement, and shall return the container to the Carrier at the port of debarkation.

H-18.4 Return the Cargo. If the Government elects to order the return of the cargo, the Carrier shall move the container to a place designated by the OO for unstuffing. The Government shall bear all costs of such movement.

H-19 DELAY OF SCHEDULED SAILING

H-19.1 Occurrence. If the scheduled sailing to which container cargo is booked is delayed more than 96 hours (48 hours for container stuffed with refrigerated or perishable cargo) beyond either the departure time scheduled when the container was ordered, or the time the stuffed container arrived at the Carrier's terminal, whichever is later, the Government shall have the alternatives set forth below.

H-19.2 Container Release. The Government may allow the container to move on the delayed sailing.

H-19.3 Move to Another Shipping Place. The Government may order the Carrier to move the container to another place, including another Carrier's terminal. The Government will bear all costs for such movement, and shall return the container to the Carrier at the port of debarkation.

H-19.4 Return the Cargo. If the Government elects to order the return of the cargo, the Carrier shall move the container to another place designated by the OO for unstuffing. The Government shall bear all costs of such movement.

H-20 STORAGE CHARGES

When the Carrier fails to pick-up a container from the Government facility within the time period in Section C-3.5, the Carrier shall be liable for payment of storage charges computed at the detention rates for each 24-hour period, or pro-rata for part thereof, from expiration of the time described in Section C-3.5

H-21 RESERVED

H-22 TRANSSHIPMENT OR RELAY

H-22.1 Policy. The Carrier shall transport a container between any loading and discharging port on any route set forth in Section B on a single vessel unless transshipment or relay is part of the regularly scheduled service on

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which award was based or unless it has received written permission from the COR at the time of booking to relay or transship the containers. The Carrier's request for permission shall include notice of the extent to which it will transship or relay the container between vessels (whether its own or other Carriers') and of the flag of the vessels involved. Transshipped or relayed containers will be loaded aboard the first available vessel sailing from the port of transshipment or relay. The MTMC representative at the port of transshipment or relay will be furnished the name of the vessel and/or Carrier and estimate time of arrival at destination.

H-22.2 Foreign Flag Vessels. No foreign built and/or foreign flag vessel will be used for any portion of the carriage between the ports of loading and discharge unless the use of such vessel has been approved in writing by MSC prior to booking or unless delivery to the port of discharge on the U.S. flag vessel scheduled to carry the container to that port is prevented by casualty to the vessel that precludes its call at the port of discharge within a reasonable time and MSC has approved transshipment or relay on the foreign flag vessel. No freight shall be due for transshipment or relay wholly or partially on a foreign built and/or foreign flag vessel in violation of this paragraph.

H-22.3 Notification of Arrival. When delivery of cargo is made by a transshipment or relay vessel, the Carrier will notify the COR of the impending arrival of the cargo at the port of final destination, and will include in such notification, the name, estimated time of arrival, and flag or registry of the ship in which it will arrive; the Carrier's name, the ship and voyage document number to which the cargo was originally manifested; the container number, if applicable; and the names and flags of registry of any ship utilized for intermediate transshipment or relay.

H-23 TRANSFER OF CONTAINERIZED CARGO

The Carrier shall not transfer cargo from one container to another without the authorization of the OO, except when such transfer is required to safeguard the cargo during the continuation of the movement. When cargo is transferred from the original container, the Carrier shall immediately so notify the MTMC activities having cognizance over the loading and discharge ports. Such notice shall contain the serial number and seal number of the original container, and of the container to which cargo was transferred, the place where the transfer occurred and the reason for the transfer. When the container to which the cargo was transferred differs in internal cubic capacity from the original container, freight shall be based upon the cubic capacity of the original container as specified in Section G-6. This Section applies to Government stuffed full container loads. It does not apply to Carrier stuffed less than container loads.

H-24 TIME

H-24.1 Free Time Allowed. The total amount of free time will be three working days.

H-24.2 Commencement of Free Time. Free time shall commence to run at 0001 hours local time after the container is physically delivered to the consignee.

H-24.3 Running of Time. Time shall run during any period when clearance by local government agencies is delayed due to the non-availability of documents required for such clearances which are furnished by the Government, provided, that the container is otherwise ready for line-haul/drayage or CONUS/Alaska delivery and the OO has been notified of the unavailability of such documents. Time shall run during delays incurred at destination when ordered by the Government or when due to inability of the Government to accept containers at the receiving activity provided the Government has been notified of the container's arrival at such area.

H-24.4 No Running of Time. Time shall not run during any Saturday, Sunday, or locally observed holiday at the place the container is located. Time shall not run when clearance by local government agencies is delayed because the Government is unable to provide documentation due to error or omission on the part of the Carrier to provide receipt, lift, or transshipment information. Time and detention shall not run during the period containers are held at the Carrier's terminal due to local labor disturbances.

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H-24.5 Cessation of Time. Time shall cease to run at 2400 hours on the day the Carrier is notified that the container is ready to be released or when the container is returned to the Carrier, whichever is earlier.

H-24.6 Staging. For Northbound CONUS cargo, time will run during staging at Carrier's terminal or rail or barge marshaling yard in the vicinity of the receiving activity. Time will cease to run at the time the container is released for final delivery. On carriage from staging will commence within one working day after release is requested by the OO.

H-24.7 Individual Service Free Time.

H-24.7.1 Stop -Off Free Time. Free time of two hours shall be allowed for each stop-off. Time shall commence to run at places of stop-off upon placement of the container for unstuffing during working hours or 0800 the next day when placement of the container is after working hours, and shall cease to run when the Carrier has been notified that the container is released or when the container is returned to the Carrier, whichever occurs first. Time shall not run between the end of the local working day and 0800 hours on the next day unless the time used already exceeded four hours, in which case time shall continue to run.

H-24.7.2 Split Pick-Up/Delivery Free Time. Free time of two hours shall be allowed for each split pick-up/delivery. Time shall commence to run at places of split pick-up/delivery upon placement of the container for unstuffing during working hours or 0800 the next day when placement of the container is after working hours, and shall cease to run when the Carrier has been notified that the container is released or when the container is returned to the Carrier, whichever occurs first. Time shall not run between the end of the local working day and 0800 hours on the next day unless the time used already exceeded two hours, in which case time shall continue to run. Detention charges will be paid to the Carrier for time spent in delaying the container in excess of free time for each 24 hour period or part thereof, in accordance with detention charges set forth in Section H-25.6 below.

H-24.8 Delivery at Carrier's Terminal. For outbound CONUS cargo, when the OO elects to take delivery of containers at the Carrier's terminal at the port of discharge, time shall cease to run when the container with trailer is hooked to the Government tractor.

H-24.9 Refrigerated Containers. The Carrier is responsible for ensuring that there is enough fuel to sustain refrigerated containers during the free time allowed under this agreement. This fuel shall be provided at the Carrier's expense.

H-25 DETENTION

H-25.1 Allowance of Detention. When the Carrier provides line-haul/drayage or CONUS delivery of the container, detention charges will be paid to the Carrier for time spent in delaying such movement when ordered by the OO, and for time spent in unstuffing containers at places of destination, if total time used exceeds the total free time allowed.

H-25.2 Computation of Detention. Detention charges will be paid at the rates set forth in the table at Section H-25.6 below for each 24 hour period, or pro-rata for part thereof, for time spent beyond the total allowed free time. No detention charge will be incurred for time spent in stuffing

containers. Rates are expressed in dollars and cents and apply for containers with or without chassis.

H-25.3 Refrigerated Containers. When Government caused delay of a refrigerated or KFF container results in payment of detention, the Carrier shall be reimbursed for fuel consumed and for routine maintenance required during the detention period. Reimbursement will be at the Carrier's actual cost including labor and materials.

H-25.4 Delivery. When the Carrier fails to commence or make delivery within the time period specified in Section C-3.7, the Carrier shall be liable for payment of liquidated damages, computed at the rates for detention

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charges as set forth in the table at Section H-25.6 below for each 24 hour period or pro-rata for part thereof, in excess of the specified time period, excluding time lost due to delay in commencing delivery, if requested by the OO or caused by labor disturbances or fault or failure of the Government.

H-25.5 Detention Invoices. Detention invoices must be submitted to the COR for certification no later than six months from the date the empty container is returned to the Carrier. Detention invoices received after that time will not be certified for payment and the Carrier waives any right to payment thereafter. A receipt acknowledging the Carrier's detention invoice submission to the Government representative for processing shall be recited and a log record maintained by the COR. Detention invoices received after that time and those for which the Carrier may not validate submission by receipt records will not be certified for payment and the Carrier waives any right to payment thereafter.

H-25.6 CONTAINER DETENTION CHARGES

A. DRY CARGO CONTAINER (includes closed containers, open top containers, flat racks, car carriers, any of the above with chassis, and chassis alone)	FIRST 3	NEXT 3	THERE-
	<u>DAYS</u>	<u>DAYS</u>	<u>AFTER</u>
20 FT and over	\$20.00	\$27.00	\$34.00
40 FT and over	\$24.00	\$31.00	\$38.00
B. REFRIGERATED CONTAINER & TANK CONTAINER (includes container with chassis)			
20 FT and over	\$60.00	\$75.00	\$90.00
40 FT and over	\$70.00	\$85.00	\$110.00
C. POV <u>& MILITARY VEHICLE</u> DETENTION PER UNIT PER DAY			\$15.00
D. KEEP FROM FREEZING TRAILERS			
	FIRST 3	NEXT 3	THERE
	<u>DAYS</u>	<u>DAYS</u>	<u>AFTER</u>
20 FT and over	\$28	\$38	\$48
40 ft and over	\$40	\$52	\$64

H-26 REROUTING/DIVERSION/SHORT-STOPPING OF CONTAINERS

H-26.1 Diversion of Containers. The OO may change the destination for a container at any time after transit of the container has commenced, but before the container has commenced final drayage or linehaul from the port of discharge. The Carrier shall be entitled to the appropriate rate to the new destination provided in Section B and a diversion rate of \$50.00 per diversion..

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H-26.2 Rerouting of POV's and General Cargo within Alaska. For Northbound POVs and general cargo that are destined to a point in Alaska and subsequently require rerouting to another place in Alaska for which that cargo was not originally routed in the shipping order as a result of a short-stop, stop-off, the Carrier shall be paid a rerouting charge at the respot rate per movement as set forth in Section B and the greatest of either the contract charges to the original destination or an existing tariff charge to the subsequent destination. The Government shall be entitled to all rights and privileges accorded to shippers of such cargo in the tariff in which such rates are published and may document and pay for the carriage of such cargo in accordance with the provisions of such tariff rather than under this contract.

H-26.3 Delivery of Short-Stopped Containers. The OO may elect to take delivery of short-stopped containers at the Carrier's terminals, or to deliver containers to places of the Government's choosing with Government tractors or by inland Carriers. In such circumstances, the Government and the Carrier shall negotiate an appropriate rate for the services performed. When the OO elects to take delivery of short-stopped containers at the Carrier's terminal at the port of discharge, free time and detention provisions are applicable.

H-27 CUSTOM OF THE TRADE

Wherever the standard of performance by either party is not provided under the provisions of this contract, the "Custom of the Trade" shall be used as a standard of performance. This phrase shall mean the established practice generally accepted by the trucking, rail and marine shipping industries for cargo transportation service in the geographic area where such services are performed.

H-28 SECURITY

If the Government notifies the Carrier that the employment or the continued employment of the Master or any member of the crew is prejudicial to the interests or endangers the security of the United States of America, the Carrier shall make any changes necessary in the appointment(s). Any costs to the Carrier occasioned by such changes shall be reimbursed by the Government.

H-29 SAFETY IN LOADING AND DISCHARGING OF CARGO

The Carrier shall comply with all applicable provisions of Public Law 91-596.84 Stat. 1590 (approved December 29, 1970) known as the Occupational Safety and Health Act of 1970 (29 USC 655, ex. seq.) and with the standards promulgated thereunder by the Secretary of Labor for Safety in loading and discharging of cargo.

Note: The OSHA responsibility of Department of Defense Contractors is set forth in Defense Acquisition Circular 76-1 (30 Aug. 1976), Item XXIII.

H-30 POSITION REPORTS

When specifically requested by the COR, the Carrier shall furnish the Joint Traffic Management Office with the daily noon position of any or all of the Carrier's ships operating in the routes covered by this contract.

H-31 WAR RISK

H-31.1 Reimbursement.

H-31.1.1 Normal Port Calls. In the event it is necessary for the vessel's owners to pay premia to extend the coverage of crew, hull and machinery, and protection and indemnity insurance and insurance covering the loss and damage of containers while aboard the vessel to include war risks in excess of premia on such war risk coverage on the date the Carrier's rates were submitted under this contract, or to pay crew war risk bonuses as a result of the vessel entering a war risk area, the Government shall reimburse the Carrier for a percentage of such extra premium and bonus payments based on the ratio existing between the cargo carried

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for the account of the Joint Traffic Management Office which is loaded or discharged at ports within the war risk area and the total cargo aboard the vessel which is loaded or discharged at ports within the war risk area.

H-31.1.2 Government Requested Port Calls. In the event the vessel calls at port within a war risk area solely for the purpose of loading or discharging cargo for the Joint Traffic Management Office, the Government shall reimburse the Carrier for all such excess premium and bonus payments and for the extra cost of cargo war risk insurance premia on commercial cargo aboard the vessel at the time of entry into the war risk area.

H-31.1.3 Government Provided Insurance. If commercial marine, war risk, and liability is not available or if marine, war risk, and liability insurance through the Secretary of Transportation under Sections 1202-1205 of the Merchant Marine Act of 1936, 46 App. U.S.C. 1282 - 1285, is available at a lesser rate, the PCO reserves the right to require Carriers to obtain the necessary marine, war risk, and liability insurance from the Secretary of Transportation. Further, in the event that the Secretary of Defense, or his authorized designee, is authorized to provide and does provide indemnification to the Secretary of Transportation under Section 1205 of the Merchant Marine Act, 1936, 46 APP. U.S.C 1285, for marine, war risk, and liability coverage without premium, the PCO reserves the right to require the Carrier to obtain such insurance from the Department of Transportation and no premia as set forth in paragraphs a.(1) and (2) above will be paid to the Carrier.

H-31.2 Container Loss or Damage. The Government shall reimburse the Carrier against loss of or damage to a container in accordance with Section H-9 and as set forth below.

H-31.2.1 Causes. The Government shall reimburse the Carrier for loss or damage that is caused by capture, seizure, arrest, restraint or detainment, hostilities or warlike operations whether there be a declaration of war or not, civil war, revolution, rebellion, insurrection, civil strife, or civil commotion.

H-31.2.2 Location When Damaged. The Government shall reimburse the Carrier for loss or damage that occurs when the container is not aboard the vessel, but is located within the war risk area and is (a) in the Government's custody or (b) not in the Government's custody but either stuffed with cargo shipped under this contract or emptied of such cargo and being transported between a place of initial stuffing or final unstuffing and the Carrier's nearest terminal, or other places not further distant than such terminal, and waiting at such terminal to be loaded in the first of the Carrier's vessels to call.

H-31.2.3 Not Otherwise Covered. The Government shall reimburse the Carrier for loss or damage to the extent that it is not covered by insurance as set forth in Section H-9.

H-31.3 Limitation of Government Liability. No payments shall be due from the Government under this clause unless and until the Carrier shall also assess such costs against commercial cargo loaded or discharged in the war risk areas.

H-31.4 Government as Additional Assured. The Carrier agrees to add the United States Government as an additional assured on its war risk policy obtained by the Carrier and for which the Government has agreed to reimburse the extra premium under this section.

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H-32 APPLICATION OF COGSA

H-32.1 Incorporation. The United States Carriage of Goods by Sea Act (COGSA) 46 U.S.C. 1300-1315 is incorporated into this contract and shall apply to the ocean transportation of all goods (including goods in containers stowed on deck, which shall be considered as goods stowed under deck) under any Shipping Order with the same force and effect as if the Act applied to such carriage by express provision therein; provided, however, in case of loss, damage or shrinkage in transit, the rules and conditions governing commercial shipments shall not apply as to the period within which notice thereof shall be given the Carrier or as to the period within which claim therefor shall be made or suit instituted.

H-32.2 Liability. For the purpose of interpreting Section 4 of COGSA "Limitation of Liability," a container shall be considered one package only for bulk cargo. For all other cargo the limitation of liability set out in Section 4 of COGSA shall apply to each package, and for cargo not in packages to each measurement ton of cargo within the container. The carriage of cargo under any Shipping Order issued pursuant to this contract shall not be deemed or construed to be the carriage of cargo pursuant to special terms and conditions as provided for in Section 6 of COGSA; and nothing in this contract is intended to relieve the Carrier or the vessel from liability for loss or damage to or in connection with the goods arising from negligence, fault or failure in the duties and obligations provided by COGSA or to lessen such liability otherwise than as provided therein. The Carrier shall be liable as a common Carrier by land for any loss of or damage to cargo while being transported under this contract between any inland origin and the vessel's side and between the vessel's side and any inland destination.

H-33 SCOPE OF VOYAGE (LIBERTIES)

H-33.1 Determination of the Master. In any situation, whatsoever or wheresoever occurring and whether existing or anticipated before commencement of or during the voyage, which in the judgment of the Carrier or Master of the vessel is likely to give rise to capture, seizure, detention, damage, delay, or disadvantage to or loss of the vessel or any part of her cargo, or to make it unsafe, imprudent, or unlawful for any reason to begin or continue the voyage or to enter or discharge, or to give rise to delay or difficulty in arriving, discharging, or leaving the port of discharge or the usual place of discharge in such port, the Master, whether or not proceeding toward or entering or attempting to enter the port of discharge or reaching or attempting to reach the usual place of discharge therein or attempting to discharge the Government's goods may, upon notification to and with the consent of the ACO, discharge the goods into another port, depot, lazarette, craft, or other place, or retain the goods onboard until the return trip or until such other time as is deemed mutually advisable. The Master's notice to the ACO shall include, but may not be limited to, the planned port of discharge of the cargo and any measures planned to protect the cargo.

H-33.2 Contracting Officer's Direction. If the ACO in coordination with the PCO determines that the planned disposition of the cargo is not in the Government's best interest, the Carrier shall comply with the ACO's direction to the Carrier to divert the cargo to a port of the Government's choice and to make any other arrangements for the cargo the ACO deems necessary to protect the Government's interest.

H-33.3 Equitable Adjustment. The Carrier may be entitled to an equitable adjustment to the Contract for actions taken pursuant to hereto. However, for any services rendered without prior notice to and consent of the PCO, the Carrier shall not be entitled to an equitable adjustment and in no such case shall freight be payable until the goods are delivered to the named destination on the Shipping Order.

H-33.4 Responsibility. In any event, the Carrier shall at all times be responsible to assure the security and protection of the cargo until relieved of such responsibility by the Government or its designated agent.

H-33.5 Compliance with Government Direction. The Carrier, the Master, and the vessel shall have liberty to comply with any orders or directions as to loading, departure, arrival, routes, ports of call, stoppages, discharge, destination, delivery or otherwise howsoever given by the government of any nation or department thereof or any person acting or purporting to act with the authority of such government or of any department thereof (or by any

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committee or person having, under the terms of the war risk insurance on the vessel, the right to give such orders or directions). Delivery or other disposition of the goods in accordance with such orders or directions shall be a fulfillment of the contract voyage. The vessel may carry explosives, munitions, warlike stores, hazardous cargo, and may sail armed or unarmed and with or without convoy.

H-34 EXCEPTION

An act of God, enemies, fire, restraint of princes, rulers of people, and all dangers and accidents of the seas, rivers, machinery, boilers and steam navigation, and errors of navigation throughout this contract are mutually excepted. The vessel shall have the liberty to deviate for the purpose saving life and property, to tow or to be towed, to sail with or without pilots, or to go into dry dock or into ways with or without cargo on board. However, in no case shall the carrier be entitled to compensation for such deviation and the carrier shall not be relieved of responsibility for delivery of the cargo to the destination named in the Shipping Order.

H-35 STRIKES

H-35.1 Loading Port. In the event the vessel or loading of the vessel is delayed by reason of strike or stoppage of work, the Carrier reserves the right at the loading port to dispatch the vessel with such portion of the cargo as may then be on board, or if no Government cargo is on board, to withdraw such vessel from service.

H-35.2 Discharge Port. In the event the vessel or discharge of the vessel is delayed by reason of strikes or stoppage of work, the Carrier reserves the right at the discharge port to discharge the cargo still on board or with the approval of the Government to dispose of the cargo or any part of it in accordance with Section H-33 at the Government's risk and expense.

H-36 AMENDED JASON CLAUSE

In the event of accident, danger, damage, or disaster, before or after commencement of the voyage resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequence of which, the Carrier is not responsible, by statute, contract, or otherwise, the goods, shippers, consignees, or owners of the goods shall contribute with the Carrier in general average to the payment of any sacrifices, losses, or expenses of a general average nature that may be made or incurred, and shall pay salvage and special charges incurred in respect of the goods. If a salving vessel is owned or operated by the Carrier, salvage shall be paid for as fully as if such salving vessel or vessels belonged to strangers.

H-37 GENERAL AVERAGE

General Average shall be adjusted, stated and settled, according to York-Antwerp Rules 1974 as amended to the date of this contract, at such port or place in the United States as may be selected by the Carrier, and as to matters not provided for by those Rules, according to the laws and usages at the Port of New York. In such adjustment, disbursements in foreign currencies shall be exchanged into United States money at the rate prevailing on the dates made and allowances for damage to cargo claimed shall be converted at the rate prevailing on the last day of discharge at the port or place of final discharge of such damaged cargo from the ship.

H-38 LIENS

H-38.1 Seizure of Cargo: The Contractor agrees that it will not assert any type of lien, including a maritime lien, on any cargo shipped by the Government under this contract. The carrier further agrees that it will not take any action to seize, arrest, hold, or otherwise detain such cargo through any judicial process in the U.S. or any foreign country. The Contractor agrees to insert this clause in all subcontracts at any tier and to expand any resources necessary to expeditiously enforce the provisions of this clause against such subcontractors.

H-38.2 Freight: There shall be no liens, including maritime liens, asserted on any freights payable to the government under this agreement. The Carrier agrees to insert this clause in all subcontracts at any tier and to expend any resources necessary to expeditiously enforce the provisions of this section against subcontractors.

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H-39 SPECIAL SERVICES/EQUIPMENT

If the OO determines that special services/equipment are necessary in handling cargo, the direct costs for such equipment will be reimbursed by the Government. Common types of specialized equipment/services may include: pilot cars, heavy lift cranes, escorts, special permits, double-drop trailers, low-boys, and air cushioned trailers.

H-40 GOVERNMENT USE OF CARRIER EQUIPMENT (LEASING)

H-40.1 General Upon 24 hour advance notice by the OO, the Carrier shall furnish containers, flatcars, and chassis, and in the case of non self-sustaining refrigerated containers, also a generator set, for use in connection with land and ocean transportation of Government cargo arranged under this agreement. The Carrier shall be paid at the equipment leasing rates set forth in the table below for equipment leased under this provision. Equipment so leased may be transported aboard any vessel designated by the Government and may be transported inland by any means available to the Government. Unless otherwise agreed, Carrier equipment leased by the Government shall be returned by the Government to the place where such equipment was originally received from the Carrier. A Shipping Order shall be issued to reflect each lease of equipment. The Shipping Order shall set forth the number, size, and appropriate identification information of such Carrier equipment, the estimated duration of lease, and place of return. The Carrier shall be paid for each twenty four hour period or part thereof, Saturdays, Sundays, and holidays included, for the period between the time the equipment is received or ordered from the Carrier, whichever is later, until the time the equipment is returned to the Carrier. The Government shall not lease containers for storage or other purposes unrelated to the furnishing of transportation pursuant to this contract, unless otherwise mutually agreed between the Government and the Carrier. Containers shall be leased under this provision only in conjunction with transportation of cargo moving under this Contract, unless it has been determined by the Procurement Contracting Officer that:

1. Urgent and compelling circumstances exist or
2. It is in the interest of National Defense or Security.”

H-40.2 Leasing Rates

CONTAINER LEASING RATES

A. DRY CARGO per day

20 FT and over \$10.00

40 FT and over \$12.00

B. REFRIGERATED

20 FT and over \$30.00

40 FT and over \$35.00

C. CHASSIS

20 FT and over \$10.00

40 FT and over \$12.00

D. FLATRACK/FLATCAR

20 FT and over \$10.00

40 FT and over \$12.00

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E. TRAILERS - FIXED WHEELS

40FT and over \$20.00

F. KEEP FROM FREEZING (KFF)

20FT and over \$14.00

40FT and over \$20.00

H-41 Date Change Specification for the Year 2000

The Contractor guarantees that the hardware, software, and firmware which is acquired by the Government and/or which is used by the Contractor to perform work under this contract prior to, during, or after the calendar year 2000, shall include design and/or performance specifications to ensure that the Government shall not experience performance abnormalities associated with calculations for the year 2000. The design to ensure 2000 compatibility shall include, but not be limited to, date/century recognition, calculations that accommodate same century and multi-century formulas and date values, and date data interface values that reflect an accurate and correct day, month, year, and century. In the manipulation of external data, the Contractor is responsible for ensuring that the system works accurately based on correct data input. When a total system is contracted for, The Contractor is responsible for ensuring that calculations are accurate and successful in computations involving the year 2000. In addition, the Contractor guarantees that the year 2000 leap year calculations will be accommodated and will not result in hardware, firmware, and/or software failures. The prime Contractor is responsible for their subcontractor's products and services provided under this contract.

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SECTION B SUPPLIES OR SERVICES AND RATES OR CHARGES

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B-1 DEFINITIONS OF GROUPS AND ZONES

ATLANTA GROUP - This group shall include the points of Atlanta, Duluth, and Palmetto, Georgia.

HARRISBURG GROUP - This group shall include the points of Harrisburg, Mechanicsburg, and New Cumberland, PA.

HICKORY GROUP - This group shall include the points of Drexel, Granite Falls, Hickory, Hildebran, Lenoir, Maiden, Statesville, Taylorsville, and Valdese, North Carolina.

HIGH POINT GROUP - This group shall include the points of High Point, Lexington, and Thomasville, North Carolina.

NEW ORLEANS ZONE 1 - This Zone shall include Jefferson, La.

NEW ORLEANS ZONE 2 - This Zone shall include places within the New Orleans Commercial Zone, as defined by the Interstate Commerce Commission CFR 49 para. 1048.102, except those places defined as New Orleans Zone 1.

NEW YORK ZONE 1 - This Zone shall include places within Military Ocean Terminal, Bayonne, New Jersey (MOTBY).

NEW YORK ZONE 2 - This Zone shall include places with the New York Commercial Zone as defined by the Surface Transportation Board (STB) CFR 49 paragraph 1048.20, except those places defined as New York Port Area Zone 1.

NORFOLK ZONE 1 - This Zone shall include places south of the James River Estuary within the Norfolk Commercial Zone, including Norfolk and Portsmouth, Virginia.

NORFOLK ZONE 2 - This Zone shall include places north of the James River Estuary in the Norfolk Commercial Zone, including Hampton Roads, Newport News and Williamsburg, Virginia.

SEE SEPARATE RATE ATTACHMENTS

SECTION C - DESCRIPTION/SPECIFICATION/WORK STATEMENT

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C-1 GENERAL

(a) The Contractor, a vessel operating ocean Carrier, shall provide ocean and intermodal through transportation by U.S. flag ships or barge/tug systems. The Contractor shall maintain regularly scheduled service on the routes covered throughout the period of the contract. The Carrier shall provide berth term service between continental U.S. points, the port of San Juan, Puerto Rico, and the U.S. Virgin Islands. The Carrier agrees to offer space in each of its vessels engaged in Carrier's service on the routes under this contract, consistent with its obligations as a common or contract carrier under the Interstate Commerce Act and other applicable laws. The Carrier's service shall include receiving, terminal handling, loading and discharging.

(b) The Carrier shall file all rates and terms of this contract with the Surface Transportation Board (STB), formerly the Interstate Commerce Commission or with other governmental agencies as may have jurisdiction over the services provided by the contractor as set forth in this contract. The Carrier agrees to comply with such regulations of the STB or other governmental agencies as may be applicable for service to the Government in the carriage of military cargo as set forth in this Agreement. The Carrier ensures that its rates have taken into account the provisions of Old Section 10721 of the Interstate Commerce Act (49 U.S.C. 10721) which are preserved under Sections 10721 (Rail) and 13712 of the Interstate Commerce Commission Termination Act of 1995, P.L. 104-88, 109 Stat. 803, Dec. 29, 1995 (Motor/Water) and that such rates do not exceed the lowest available rates to the general public for comparable service on the date of acceptance of its offer by the Government, and that such rates do not exceed the Carrier's charges for transporting like goods for private persons. The Carrier is authorized to certify that the service performed under this contract is entirely for the benefit of the Government so as to permit the offer of service at free or reduced rates under the former 49 U.S.C. 10721, now preserved under Sections 10721 and 13712 as above.

(c) Types of cargo to be carried are military cargo, mail, and any other type of cargo shipped in the Defense Transportation System. Cargo moving in containers may be mixed or straight loads. Cargo will move in both directions. All cargo shall be stowed such that it is protected from damage due to exposure to the elements. Carriage of cargo will be on a liner term basis. Cargo will be loaded and discharged at commercial terminals at the Carrier's ports of call. The Government will require the Carrier to furnish, stuff, and strip containers. Consistent with vessel safety, when on deck stowage is necessary, containers with mail and personal property will, to the maximum extent possible, be loaded below the third tier.

C-2 SEALIFT READINESS PROGRAM.

Enrollment of a carrier's U.S. flag fleet in an authorized sealift readiness program is a condition of eligibility for participation under this contract. The Voluntary Intermodal Sealift Agreement (VISA) has been approved by the Secretary of Defense (SECDEF) as the primary DoD sealift readiness program. VISA Participants receive competitive preference for award of DoD cargo and booking priority applicable to peacetime, exercise and contingency cargo based on their VISA capacity commitments. The DoD Sealift Readiness Program (SRP) is the alternative program to VISA. Both programs are intended to provide a formal agreement between U.S. flag vessel operators and the Department of Defense (DoD) for the acquisition of sealift and related services under less than full mobilization. The VISA program is still under development for full implementation. However, the VISA has been designated as the required sealift readiness program for this contract. As currently approved by SECDEF, U.S. flag vessel operators, as a condition of this procurement, are obligated to participate in the VISA and to commit to Stage III of the VISA for the period of contract performance. For those carriers still under obligation to the SRP or Participants that voluntarily withdraw from VISA, the offeror commits 50% of its U.S. flag fleet (in vessels) and related equipment to the DoD SRP for the full performance period or any part thereof not covered by the VISA commitment. Offerors are required to complete MSC Forms 4280/9 and 4280/9A. Commitment to an authorized sealift readiness program is an integral part of this contract and the level of that commitment remains in full force and effect for the performance period of the contract and any periods under which that mobilization commitment is utilized by the DoD.

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C-3 BULK INTERMODAL TANK CONTAINER SERVICE

The Contractor shall furnish bulk intermodal tank containers and shall carry fuel between the Fleet and Industrial Supply Center (FISC), Jacksonville, Florida and San Juan, Puerto Rico. This service shall include all services covered in the Carrier's container service. Containers shall be clean; free of dirt, pollution, or contamination that would harm the product to be loaded; and shall be ready for inspection and loading upon delivery to the Government. The Carrier shall furnish a certificate naming the last product carried and the type of chemical used in cleaning the container, in accordance with the manufacturer's cleaning specification for that product. Containers shall be not more than twelve feet in height and shall be equipped with ball, gate, or plug valve. A butterfly valve is unacceptable.

C-4 BREAKBULK SERVICE

The Carrier's breakbulk service shall consist of receiving cargo at Carrier's commercial terminal; loading; transporting breakbulk cargo in its vessel; and discharging the cargo at its receiving terminal. Breakbulk service shall be provided in accordance with the terms and conditions for containerized service, as applicable.

C-5 CONTAINER SERVICE

(1) Basic Service.

(a) CONUS Outbound. The Carrier's Continental United States (CONUS) to San Juan/Puerto Nuervo, Puerto Rico (San Juan) and St. Thomas/St. Croix, U.S. Virgin Islands (USVI) service shall consist of furnishing a clean, empty, odor free container on a chassis to the Government at a specific point designated by the Ordering Officer (OO) such as a warehouse door or loading platform; moving the stuffed container between this point and the Carrier's commercial terminal; receiving and handling the stuffed container at its loading terminal; loading and transporting the container in the Carrier's vessel to San Juan or USVI; and discharging and handling the container at the Carrier's receiving terminal in San Juan or USVI.

(b) Puerto Rico Delivery. At its San Juan Terminal, the Carrier will release containers to and receive containers from a motor carrier designated by the OO or its authorized representative. The Government will notify the Carrier of the specific date and time at which the Carrier will either receive or deliver the container.

(c) U.S. Virgin Islands Delivery. For cargo to USVI, the Carrier is responsible for delivering the loaded container to a place designated by the OO and spotting it at a specific point designated at the time of arrival by the receiving activity. The CONUS to USVI service covers the through service between CONUS inland points and the ports of St. Croix/St. Thomas, USVI. The Carrier shall contact the consignee to establish a delivery time. Unless delay is requested by the OO, the Carrier will commence inland transportation of dry cargo containers within two working days and refrigerated or mail containers within one working day after the container has been discharged from the vessel. Upon delivery, the Carrier will present the consignee with a loading diagram (if a Carrier stuffed container) and a delivery receipt. The delivery receipt shall include; destination warehouse, pieces, weight, cube, noun name, and TCN for the container.

(d) CONUS Inbound. The Carrier's San Juan and USVI to CONUS service shall consist of furnishing a clean, empty, odor-free container on a chassis to the Government at the Carrier's San Juan terminal, or place in USVI as designated by the OO and spotting it at a specific available point such as a warehouse door or loading platform as designated locally by the Government; delivering the stuffed container to the Carrier's CONUS terminal; discharging and handling the container at this receiving terminal; and moving the stuffed container between its pier and the destination point.

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(e) M-Term Service. The Carrier's M-Term Service shall consist of carrying containerized cargo from CONUS points as listed in Section B to the USVI inland points identified in Section F, in accordance with the specifications for carriage of containerized cargo contained in this Section C.

(f) Inter-Island Service. The Carrier shall provide transportation of cargo on a less than container load (LCL) basis between San Juan and USVI in accordance with the specifications for carriage of containerized cargo contained in this Section C. Cargo booked for inter-island transport need not be containerized.

(2) Ancillary Services.

(a) Unusual Size Cargo Service. The Carrier shall provide through transportation for cargo which exceeds 30 measurement tons or 50,000 pounds under the same terms and conditions as the Carrier's breakbulk service.

(b) Flatrack Service. The Carrier shall make flatracks available under the same terms and conditions as the Carrier's container service.

(c) Respot Service. The Carrier shall provide respot service.

(d) Stop-Off Service. The Carrier's stop-off service shall consist of spotting a Government stuffed container on a chassis at a place designated by the OO for additional stuffing/unstuffing. Stop-off service does not include split pickup or delivery within the continuous property of the activity involved.

(e) Stuffing Service. The Carrier's stuffing service shall consist of receiving less than container load (LCL) cargo suitable for containerization at his terminal, and then consolidating, segregating, tallying and stuffing the cargo into containers and sealing the containers. The integrity of cargo units delivered to the Carrier for stuffing shall be maintained throughout the shipment, consistent with the stowage capability of the Carrier's containers. The Carrier shall not change the integrity of the cargo's configuration (break palletized loads) without prior approval of the OO. The Carrier shall stuff containers following the principle of "first-in, last-out." The Carrier may, unless otherwise directed by the OO or restricted by applicable regulations, commingle Government cargo with commercial cargo. The Carrier shall not over-stuff a container nor stuff it in such a manner as to jeopardize the safety of the cargo.

(f) Stripping, Sorting, and Consolidation Service. The Carrier's stripping, sorting, and consolidation service shall consist of unstuffing the container, separating cargo by consignee, and grouping cargo lots by consignee at the destination point. Such cargo may be received by the ultimate consignee(s) or by a certified inland carrier for further transportation.

(g) Vehicles. Government-sponsored vehicles and Privately Owned Vehicles (POV's) shall, to the extent possible, be carried in containers.

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(3) Spotting Empty Containers.

The OO shall give the Carrier at least two days notice as to where to spot a Carrier furnished empty container for stuffing by the Government. The notice will include the type, size (LxWxH), and capacity of container booked by the Government, the name and address of the shipper, the date and approximate time (AM or PM) for spotting the container, which shall not be later than five (5) working days prior to vessel sailing, and the type of cargo to be stuffed in the container (i.e. General Cargo, Mail/Mail Equipment, Vehicles or Refrigerated Cargo). The Carrier and shipping activity may mutually agree to another spotting date, and the Carrier shall advise the OO of the new spotting date. The Carrier shall pick-up and remove a stuffed container from the Government facility within one working day, and remove an empty container from the Government facility within three working days, commencing at 0800 hours on the day following receipt of notification that the container is in all respects ready to be transported. This requirement may be modified by agreement between the Carrier and the OO. Containers delivered to the Government shall be on chassis which shall remain with the containers while they are in the custody of the Government unless this requirement is waived by the OO. Chassis provided by the Carrier shall be compatible with Government-furnished tractors unless this requirement is waived by the OO.

(4) Refrigerated Containers.

Refrigerated containers in good working order shall be delivered to the stuffing activity precooled to the intransit temperature specified by the Government. Such containers will be maintained at an internal temperature within five degrees Fahrenheit of the specified intransit temperature from the time of initial stuffing until unstuffed at final destination. The Carrier shall be responsible for powering the refrigeration unit (whether by electricity or petroleum) during the period specified above. If the Government offers a fully loaded refrigerated container of perishable subsistence to the Carrier for movement, the Carrier may open the container to inspect the condition, stuffing, or the temperature of the cargo. When the Carrier is of the opinion that the cargo is unsuitable for shipment to the specified destination, the Carrier shall immediately advise the OO of such condition, and request a decision regarding shipment of the container. The Carrier shall furnish an operable continuous temperature recording instrument, in each refrigerated container ordered. The instrument shall measure and record in a legible manner any variation in temperature of one degree Fahrenheit or more inside the container during the time it is stuffed with cargo. The original printed record of the temperature maintained during the transit from origin to destination shall be made available for inspection by the receiving activity when the container is delivered. After inspection the original record will be returned to the Carrier. Upon request of the consignee, a copy of the original record shall be provided to the receiving activity within 5 days. It is the sole responsibility and cost of the Carrier to maintain its refrigerated container equipment in good working order.

(5) Atmosphere Service

(a) Modified Service. Carrier's modified atmosphere service shall consist of furnishing a system that is designed to reduce spoilage to perishable refrigerated container contents by introducing preservative gases in the container for the period from the time the container is closed, sealed and charged with gas after stuffing until the seal is broken at time of delivery of the container to the first consignee or at such time as is mutually agreed upon at the time of booking.

(b) Controlled Service The carrier's controlled atmosphere service consists of furnishing a self contained computerized system capable of monitoring an adjusting the atmosphere in a refrigerated container after the carrier has introduced preservative gases in the container. The system is designed to reduce spoilage and extend shelf life of perishable commodities similar to modified service, but differs by its ability to adjust the air inside the container during transit.

SECTION C - DESCRIPTION/SPECIFICATION/WORK STATEMENT

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(6) Interchange Agreement.

The Carrier shall maintain standardized equipment interchange agreements containing the same terms conditions as offered to its most preferred commercial customers with those Puerto Rican motor carriers designated by the OO. If the terms and conditions of this contract are different than those contained in the Carrier's standardized equipment interchange agreement, the terms and conditions of this contract will apply.

(7) Documentation - The Carrier shall, by mutually agreeable means, provide the cognizant MTMC activity and the activity responsible for cargo documentation with the information set forth below in connection with cargo loaded at each port.

(a) Container Receipt Information. The following information shall be provided within four working hours after a container is received: name of ocean Carrier, port of loading, date container received at port, Carrier's container number with ALFA prefix, TCN, and seal and/or keyless lock number (See note below).

(b) Container Lift Information. The following information shall be provided within eight hours after vessel departure: name of vessel and voyage document number, Carrier's container number with ALFA prefix, TCN, port of discharge, final destination, general description of container contents (i.e., general cargo, mail/mail equipment, POV, other vehicles, refrigerated cargo), and seal and/or keyless lock number (See Note). If a seal on any container has been broken and/or replaced while in the Carrier's custody, the Carrier shall notify the COR with a complete report as to the circumstances and the reasons therefore.

(c) Cargo List. For containers stuffed by the Carrier, not later than the next working day after the container is stuffed, the Carrier will provide the Government's manifesting activity a list of such cargo, by container number and TCN.

(d) Discrepancy Report. The Carrier shall provide both the cognizant MTMC activity and local activity responsible for cargo documentation a listing by container number and TCN of containers which were booked but not loaded, or loaded but not booked, and the reasons why the containers missed their appropriate scheduled sailing. Such notification shall not relieve the Carrier of its obligations under this Contract to fulfill the original cargo booking commitments.

(e) The Carrier shall provide the MTMC activity having cognizance over each port where containers are discharged with a discharge report. This report shall be provided for each container discharged as soon as practicable after discharge, but not later than one day following the commencement of CONUS drayage or line-haul or Puerto Rico/USVI delivery and shall include: name and voyage number of vessel making delivery; name and voyage number of original carrying vessel if relayed or transshipped; date and time the container was discharged from the vessel; date, time and mode of commencement of CONUS drayage or line-haul, or Puerto Rico/USVI delivery; container number; and consignee.

(f) The Carrier shall provide the cognizant MTMC activity with written or oral notice of the impending arrival of the vessel. Such notice shall be given at least two working days prior to arrival and shall indicate the estimated time of arrival and any variation from or correction to information previously furnished.

(8) Electronic Data Interchange (EDI) - Each Carrier is required to establish ACI/EDI capability by the date of contract award for cargo offering/booking and receipt lift data on a fully integrated level. All questions regarding ACI/EDI implementation under Section C-7 should be directed to the OO or Contracting Officer Representative (COR). The carrier shall develop EDI capability to pass cargo receipt and lift data for CONUS to the MTMC loading port manifesting activity and MTMC Eastern Area Command.

SECTION - D -PACKAGING AND IDENTIFICATION

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D-1 CONTAINER IDENTIFICATION

Containers shall be clearly marked to indicate the name of the Carrier. Leased containers utilized under this contract shall have the name of the Carrier, affixed with stencils or stickers, in letters of not less than three (3) inches in height. As a minimum, such identification will be affixed to each end of a leased container.

SECTION -E -INSPECTION AND ACCEPTANCE

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E-1 CLAUSES INCORPORATED BY REFERENCE (APR 1988) (FAR 52.252-2)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

CLAUSE TITLE AND DATE	REFERENCE
INSPECTION OF TRANSPORTATION	FAR 52.246-14 (APR 1984)

E-2 QUALITY ASSURANCE PROGRAM (QAP)

The Government will monitor the Carrier's performance under this contract through its Quality Assurance Program. Attachment 1, Performance Requirements Summary (PRS), will be used in this program and are provided for the convenience of the carrier. The Quality Assurance Program does not place any additional requirements on the carrier. This plan is to be used for administrative purposes only and does not reflect a change in contract requirements. To the extent any conflict may arise between the plan and the substantive provisions of this contract, the substantive portions of the contract shall apply.

E-3 QUALITY COUNCIL

E-3.1 Council Meetings - In order to identify and resolve potential operational problems and to achieve continuous process improvement, a Quality Council shall be established. Quality Council members may include representatives of the carrier, Ocean Cargo Booking Office (OCBO), Ocean Cargo Clearance Authority (OCCA) and effected Shipper services, Contracting Officer Representative (COR) as well as the Administrative Contracting Officer (ACO). The Quality Council shall meet on a quarterly basis to identify, monitor, and recommend solutions to operational problems arising during the term of the contract. Recommendations for process improvement will be elevated to the Procuring Contracting Officer or his/her designated representative and the designated carrier representatives for consideration, approval, and negotiation of contract modifications (if applicable).

SECTION - F -DELIVERIES OR PERFORMANCE

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F-1 EFFECTIVE DATES

This Contract shall be in effect for all cargo received for sailings on or after 0001 hours local time 01 February 1998 and shall remain in force for all cargo received by the Carrier or its agent for all sailings scheduled on or before 31 January 2000 and 31 January 2001 if the 1 year option period is exercised.

F-2 LIQUIDATED DAMAGES

LIQUIDATED DAMAGES - SUPPLIES, SERVICES, OR RESEARCH AND DEVELOPMENT FAR 52.211-11 (APR 1994)

- a) If the Contractor fails to deliver the supplies or perform the services within the time specified in the contract for any extension the Contractor shall, in place of actual damages, pay to the Government as fixed, agreed, and liquidated damages, for each calendar day of delay the sum of \$30.00 per report required by Section C-6 and the sum of an amount equal to the detention charges as set forth in Section H-24.2 for late delivery in breach of Section C-6.3.
- b) Alternatively, if delivery or performance is so delayed, the Government may terminate this contract in whole or in part under the Default Fixed Price Supply and Service clause in this contract and in that event, the Contractor shall be liable for fixed, agreed, and liquidated damages accruing until the time the Government may reasonably obtain delivery performance of similar supplies or services. The liquidated damages shall be in addition to excess costs under the Termination clause.
- (c) The Contractor shall not be charged with liquidated damages when the delay in delivery or performance arises out of causes beyond the control and without the fault or negligence of the Contractor as defined in the Default - Fixed-Price Supply and Service clause in this contract.

F-3 "M-TERM" SERVICE DELIVERY**F-3.1 St. Croix.** Cargo booked under M-Term Service to St. Croix shall be delivered to the following address:

Army-Air Force Exchange Service
AQ Building, P. O. Box 3164Vitraco Mall
Kinshill, U. S. Virgin Islands 80851

F-3.2 St. Thomas. Cargo booked under M-Term Service to St. Thomas shall be delivered to the following address:

Army-Air Force Exchange Service
No. 7 SUBBASE
Charlotte Amalie, St. Thomas
U. S. Virgin Islands 00801

SECTION - G -CONTRACT ADMINISTRATION

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CONTRACT ADMINISTRATION

G-1 ADMINISTRATIVE CONTRACTING OFFICER

The Administrative Contracting Office (ACO) who shall perform contract administration for this contract is the Military Traffic Management Command, Joint Traffic Management Office, ATTN: MTTM-C, Room 105, 5611 Columbia Pike, Falls Church, VA 22041-5050. The ACO can be reached at (703) 681-5633 or via fax at (703)-681-6146.

G-2 SHIPPING ORDERS

When transportation services are ordered under this Contract, a shipping Order substantially in the form of the Clearance Order/Shipping Order (MSC Form 4612/1) (Attachment 3) will be issued by the Government. The Government will prepare all necessary papers including vessel papers or manifests listing the cargo stowed in containers aboard the vessel. Such papers, including vessel papers or manifests, shall be receipted by the Carrier or his agent, and shall be evidence of ownership and apparent good condition of cargo received. For containers received under seal by Carrier, receipt of documents indicating apparent exterior good condition of container. These documents and the Shipping Order together constitute the contract of carriage and shall be deemed to be an Order within the meaning of the Ordering Clause (FAR 52.216-18). The OO shall provide the Carrier with written notice of the Government activities authorized to issue Shipping Orders. The Government will not be responsible for preparation of commercial bills of lading.

G-3 EXCEPTED CATEGORY CARGO

Excepted category cargoes are listed below. At the option of the Contracting Officer, pursuant to the Changes Clause (FAR 52.243-1), such excepted category cargoes may be shipped with the Carrier at rates negotiated prior to booking. The Carrier shall not accept excepted category cargo for shipment unless a rate for its carriage has been negotiated with the Contracting Officer. Cargo categories not excepted below and for which specific rates do not appear herein, shall be carried at the applicable Cargo NOS rate.

- Aircraft (unboxed)
- Bulk Cargo (not containerized in tank cars, vehicles, or containers)
- Refrigerated cargo (inbound)
- Unit movement of military personnel and support equipment

G-4 CONTAINER SIZE ORDERED/PROVIDED

The Carrier shall not furnish a container of a different cubic capacity than that ordered in accordance with C-5.(3) without the written consent of the OO. If the OO allows the Carrier to substitute a larger size container than booked, and the loaded shipment does not exceed the cubic capacity of the size container originally ordered, the Government shall pay for the size ordered. If the loaded shipment exceeds the cubic capacity of the size container originally ordered, the Government will pay for the size container actually furnished.

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G-5 CONTAINER INTERNAL CUBIC CAPACITIES

The average internal measurement tonnage capacities as listed in Attachment 3 are to be used for computation of freight in lieu of computation based upon the actual internal capacity of the individual container. Freight for cargo carried in types of containers not listed in Attachment 3 shall be computed based on the actual cubic capacity.

G-6 APPLICATION OF RATES - All rates appearing in Section B are stated in U.S. dollars and cents per applicable unit of measure and apply to all cargo moving under this contract.

- (1) Containers stuffed by the Government with general cargo (including Mail and Mail equipment), refrigerated cargo, or a mix of general cargo and vehicles carried in accordance with C-5.2 shall be freighted by applying the applicable General Cargo measurement ton rate to one hundred percent (100%) of the internal measurement tonnage of the container.
- (2) Containers stuffed by the Carrier with general cargo (including Mail and Mail equipment), refrigerated cargo, or a mix of general cargo and vehicles shall be freighted on the manifest measure of cargo actually shipped. Cargo stuffed by the Carrier that weighs out (reaches the allowable weight limit of the container) shall be carried at the applicable rate applied to one hundred percent (100%) of the internal measurement tonnage of the container.
- (3) Vehicles - The Carrier will be compensated for the carriage of vehicles at the applicable rate per measurement ton multiplied by the actual manifest measure of the cargo.
- (4) Unusual Size Cargo Service - Cargo carried under this service (i.e., exceeding 30 MT or 50,000 lbs) shall be freighted at the applicable measurement ton rate times the percentage differential for unusual size cargo.
- (5) Respot Charges - A respot charge shall be paid for each respot ordered. When respots occur, the Carrier shall be entitled to the rate specified in Section B.
- (6) Stop-Off Charges - A stop-off charge shall be paid for each stop-off ordered. When the total distance traveled in excess of normal one-way mileage between the carrier's terminal and either origin or final destination exceeds fifty miles, an additional stop-off charge will be paid for each fifty miles or fraction thereof. When stop-offs occur, the Carrier shall be entitled to the freight based on the rate either to the point of origin or destination as the case may be or to a stop-off point, whichever is greater.
- (7) Stripping, Sorting and Consolidation Charges - When ordered by the OO or their designated representative, stripping, sorting and consolidation services performed by the Carrier shall be paid in accordance with the rates set forth in Section B.
- (8) Bulk Intermodal Tank Containers - Cargo carried under this service (See C-3) shall be freighted at the per container rate set forth in Section B.
- (9) Over Dimensional Cargo





(a) Surcharges for under 40 ft and 40 ft and over flatracks appear at Schedule B. Such surcharges shall not, however, apply to Government owned flatracks. Charges for over dimensional cargo and out of gauge flat racks shall equal the additional slot charge for displaced dry container(s) by size, less a 40% discount (see below). No payment shall be made for side or top stow where no additional slot is used by size of flat.

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The following formulae for computation of out of gauge flat racks shall used:

In gauge:	$\frac{\text{BOF (Basic ocean freight)} + \text{FRS (Flat rack surcharge)}}{\text{TC (Total charge)}}$	
Over height: (max: 13' 2" from base of platform)	$\frac{\text{BOF} + (\text{BOF} \times 40\%) + \text{FRS}}{\text{TC}}$	
Over width:	$\frac{\text{BOF} + ((\text{BOF} \times 2) \times 40\%) + \text{FRS}}{\text{TC}}$	
Over height and and over width:	$\frac{\text{BOF} + ((\text{BOF} \times 5) \times 40\%) + \text{FRS}}{\text{TC}}$	

The above calculations will be modified based on operational dimensions and eventuality of side/top stowage:

For side stow of over width: $\text{BOF} + (\text{BOF} \times 40\%)$ vice $\text{BOF} + ((\text{BOF} \times 2) \times 40\%)$

For side stow of over height/over width: $\text{BOF} + ((\text{BOF} \times 2) \times 40\%)$ vice $\text{BOF} + ((\text{BOF} \times 4) \times 40\%)$

For top stow of over height - BOF - no additional slot

A 40% discount shall be applied for vacant slots in any configuration.

Note: Overdimensional cargo is any cargo which has a dimension (length, width, or height) that exceeds any external dimension of the container most suitable to the cargo when loaded and measured on/in such equipment." Add paragraph (d) to read: "For non-containerizable cargo, the Carrier shall be paid the rate per measurement ton plus the differential percentage outlined in section B for cargo exceeding any of the following: 50,000 lbs.; 40'6" in length; 8'6" in width; or 9'6" in height.

(b) Vacant slots for which charges are assessed will be counted toward the average minimum cargo guarantee stated at G-5.4 of this section.

(c) The Government reserves the right to ship oversized/over dimensional cargo on breakbulk terms. The Carrier, at its discretion, may elect to containerize the cargo, but at no additional cost to the Government above those breakbulk rates specified in Schedule B.

G-7 EXCEPTIONS TO GENERAL APPLICATION OF RATES

a. Carrier imposed weight restrictions - When a container is precluded from being utilized to its maximum capacity because the Carrier imposed restrictions which limit the weight carrying capacity below the maximum weight carrying capacity of the container, the cargo shall be freighted at the applicable measurement ton basic rate applied to the manifest measure of the cargo regardless of whether stuffed by the Government or the Carrier.

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Containers on which such restrictions are imposed shall not be utilized under this contract if acceptable containers are available for the required service from any other Carrier who does not impose a restriction. The Carrier shall give notification of exceptions to weight carrying capacity in accordance with Section H-15.(a).

b. The maximum charge for a closed container shall not exceed the measurement ton basic rate applied to one hundred percent of the usable cubic capacity of the container, regardless of the measurement tonnage shown on the manifest.

c. The Carrier's charges for through transportation of commercially acceptable Government containers will be ninety-five percent of the appropriate rate for that cargo commodity. When detention is incurred on the Carrier's chassis in connection with service provided for Government containers, the dry cargo container detention rates will apply.

G-8 The Carrier's Inter-Island Service POV rate will be in accordance with the Carrier's public tariff rate for like services.

G-9 PAYMENT

a. Entitlement Freight shall be earned only upon delivery of the cargo at the ultimate destination set forth in the shipping Order or applicable amendments thereto. Freight shall consist of the sum of all payments due for services actually furnished in accordance with the Shipping Order, calculated at the rates set forth in Section B.

(1) Payment Procedures Invoices shall be submitted in accordance with the Standard Billing Instructions (a copy will be provided on request). When a stuffed container has been picked up by the Carrier for movement, or when cargo has been received by the Carrier at its terminal, the Carrier may submit properly certified invoices or vouchers, with respect to the Shipping Order, to Military Sealift Command, Atlantic, Accounts Payable (N8), Building 42, Fourth Floor, Military Ocean Terminal, Bayonne, New Jersey 07002.

(2) Determination of Delivery. Delivery of the stuffed container/cargo at ultimate destination and accomplishment of the Shipping Order may, for purposes of payment of freight, be established either by a copy of a receipt signed by the consignee or its agent or upon certification of delivery by the COR based on information available within the Government. For purposes of payment of freight, delivery of cargo shall be deemed to occur upon placement of the stuffed container at ultimate destination or upon expiration of two working days after the Carrier tenders the stuffed container/cargo for delivery at the ultimate destination. The Carrier may notify the MSC paying activity of the date and time of the container arrival at ultimate destination for determination of the two working day basis for payment of freight. If, after delivery of the cargo or container and unstuffing by the Government, there is any damage to or shortage of cargo not definitely known to be the fault of the Government or its agents, and it is considered by the Contracting Officer that withholding of certain monies is necessary to protect the interests of the Government pending final determination of the amount of shortage or damage and the Carrier's liability therefor, the dollar amount of such shortage or damage may be estimated and withheld from sums owing to the Carrier by the Government under any Shipping Order.

(3) Reimbursement. All charges and expenses incurred for the account of the Government as provided in this contract and which are not paid directly by the Government or by the consignee shall be paid by the Carrier, which shall be reimbursed upon the presentation of properly supported invoices, including, but not limited to Carrier's Interchange Receipt and COR certified invoices. Unless otherwise provided herein, payment shall be made on the basis of the number of containers or the tonnage and cargo shown on the manifest. All payments earned on shipments will be made not later than thirty days after a) receipt of a proper invoice, in accordance with the procedures outlined above, or b) evidence of discharge or delivery as described above, whichever occurred later. The failure of the Government to provide a proper manifest in a timely manner shall not preclude the Carrier from submitting a proper invoice upon delivery of cargo as set forth above.

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G-10 REFUNDS, REBATES AND CREDITS

The Carrier agrees that any refunds, rebates, credits or other amounts (including any interest thereon) accruing to or received by the Carrier under this Contract shall be paid by the Carrier to the Government to the extent that they are properly allocable to costs, expenses or reimbursements for which the Carrier has been reimbursed by the Government under the terms of this contract.

G-11 AGREED COST RESPONSIBILITY

General. As a means of facilitating the administration of this contract, the parties have agreed that certain specific items of cost anticipated as likely to arise in the performance of their respective duties under this contract shall be listed. The cost responsibilities of the parties are indicated in subparagraphs G-11.1 and G-11.2 below.

Determinations of responsibility for specific items of cost agreed to by the parties under this Section are to be consistent with the general language of this Contract; provided however, in the event of conflict, the general language of the contract shall prevail.

(1) Responsibility of the Carrier. The Carrier is responsible for the cost of the following services:

- a. Furnishing and maintaining containers and chassis except when chassis are waived by the OO or containers or chassis are furnished by the Government.
- b. CONUS Drayage or line-haul including: furnishing and maintaining tractors; furnishing drivers; CONUS delivery costs of movement of containers, including tractors and driver; highway, ferry, tunnel and bridge tolls; and user taxes.
- c. All costs of vessel operation and all port charges and other expenses charged to the Carrier's vessel.
- d. All container terminal and stevedoring costs including: receipt of containers; marshaling of containers; loading containers to ship; discharging containers from ship; and cleaning containers before stuffing.
- e. All breakbulk terminal costs including receipt and stuffing operations.
- f. Taxes, dues, fees and other charges (including storage charges levied by governments, ports authorities, or wharfingers) on the containers and on their contents, if any, except those charges which are payable by the Government.
- g. Stuffing and unstuffing charges when ordered by the OO plus costs of receiving cargo at tailgate and delivering cargo to tailgate at Carrier's terminal.
- h. Furnishing tie down and lashing material for loading to flat racks, flat cars, or other open top containers.

(2) Responsibility of the Government. The Government is responsible for the cost of the following services:

- a. All costs of delivery of non containerized cargo to the Carrier's terminal where the Carrier performs receipt and stuffing operations; and receiving cargo at tailgate when the Carrier performs unstuffing operations.

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- b. Miscellaneous dues, fees and charges including: cargo surveyor fees when services are ordered by the Government or when resulting from dispute between the Government and the Carrier resolved in favor of the Carrier.
- c. When ordered by the OO or their designated representative, fees and charges including: cost of pilot cars, escorts, required permits, and other charges assessed by state or local governments for permission to move unusual size cargo.
- d. When ordered by the OO or their designated representative, any special permits required to transport hazardous cargo over the road.

G-12 RESERVED

G-13. SHIPMENTS BY AUTHORIZED AGENTS OF THE GOVERNMENT. The following provisions apply to shipments by recognized ordering authorities who are agents of the Government and authorized to use contractual rates resulting from this solicitation.

a. Parties to the contract. Parties, on the first part, include the U.S. government and its agents and authorized contractors other than the carrier(s) under this contract, including but not limited to, Code 3 Military Household Goods (MHHG) ITGBL carriers and Point to Point POV Pilot Program (PPPPP) carrier(s) (hereinafter called "the Shipper"), and, on the second part, _____ (the ocean carrier). The Government shall be responsible for designated ordering activities as provided at FAR 51.102(f).

b. Carrier(s) party to contracts awarded pursuant to RFP 00033-97-R-6627 will receive written advice from the ACO of those contractors authorized to ship pursuant to rates established under resulting contract award(s).

c. Booking of cargo. The Shipper agrees to offer cargo for booking upon no less than 7 working days notice prior to a scheduled intermodal point or base port departure date unless a later time is agreed upon by the parties for a particular shipment or group of shipments. For such shipments offered on a port to port basis (e.g., specific port zones) by the authorized agent, the Shipper agrees to offer cargo for booking upon no less than 3 working days notice prior to a base port departure date unless a later time is agreed upon by the parties for a particular shipment or group of shipments. Carriers shall have a maximum of 24 hours to accept an offering of cargo and notify the Shipper of such acceptance.

d. Shipping order. For Code 3 MHHG, the ITGBL carrier will prepare a shipping order substantially in the form of the clearance order/shipping order (JTMO Form 4612/1). For PPPPP shipments, the authorized agent will prepare a shipping order substantially in the form of the shipping order/clearance order (SOCO) (JTMO Form 4612/1). The shipping order shall be evidence of ownership and will constitute the contract of carriage issued to the ocean carrier.

e. Carrier load port. The ocean carrier shall provide the cognizant MTMC activity and the military activity responsible for cargo documentation at each port where containers with Government cargo are loaded with certain information in connection with containers loaded at that port. Container receipt information required at CONUS and designated overseas ports of loading, shall be provided within four hours after a container is received. For ordering activity shipments, container receipt and lift information shall be furnished to the party who ordered the container services stating the Shipping Order number rather than the TCN as used with other DTS shipments (on board ocean bill of lading acceptable.) Container lift information shall be provided within eight (8) hours after vessel departure for CONUS/overseas port. This information shall be provided by a mutually agreeable means and shall indicate as much of the following data for each container received/loaded as is available within that time:

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1. Container Receipt Information (CONUS and Designated Overseas Ports of Loading)
 - (a) Name of ocean carrier
 - (b) Port of loading
 - (c) Date container received at port
 - (d) Carrier's container number with ALFA prefix
 - (e) Transportation Control Number (TCN)
 - (f) Seal and/or keyless lock number
 2. Container Lift Information (CONUS/Overseas Ports of Loading)
 - (a) Name of vessel and voyage document number
 - (b) Carrier's container number with ALFA prefix
 - (c) Transportation Control Number (TCN)
 - (d) Port of discharge
 - (e) Final destination
 - (f) General description of container contents, i.e., General Cargo - Mail/Mail Equipment - Privately Owned Vehicles (POV'S) - other Unboxed Wheeled or Tracked Vehicles - Refrigerated Cargo
 - (g) Seal and/or keyless lock number - Note: The carrier is to notify the ACO if a seal on any container has been broken and/or replaced between the time the carrier accepted the loaded container from the Government and the time of arrival at inland destination or point of Government acceptance from the carrier with a complete report as to the circumstances and the reasons therefore.
- f. Carrier discharge port. The ocean carrier shall provide the cognizant MTMC port activity with certain information in connection with containers discharged at that port. For authorized agent shipments, container discharge information shall be furnished to the authorized agent's consignee listed on the Shipping Order stating the Shipping Order number (arrival notice or similarly acceptable notice with discharge noted.) This information, which shall be provided for each container discharged as soon as practicable after discharge, but not later than one day following the commencement of drayage or line-haul, shall include the following:
- Name and voyage number of vessel making delivery
 - Name and voyage number of original carrying vessel if transshipped
 - Date and time the container was discharged from the vessel
 - Date, time, and mode of commencement of drayage or line-haul from discharge port to inland destination, container number, and consignee.

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g. Weekly lift and authorized agent shipment statistics. The Carrier agrees to provide weekly volume information to the COR for all shipments under this contract with statistics specifically segregated from overall lift.

Information shall include, but is not limited to, the number of containers by origin or destination, direction and size of equipment.

h. Payment. The authorized agent shall make payment directly to the ocean carrier for services ordered under this agreement. The carrier will provide written verification of delivery to the ordering activity.

i. Detention invoices. The authorized agent ordering services from the ocean carrier is responsible for certification and payment of all container detention charges applicable in accordance with the contract.

SECTION -H - SPECIAL CONTRACT PROVISION

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SPECIAL CONTRACT PROVISIONS

H-1 REFERENCES

All references in this contract to "Master" or "Crew" or other ship's personnel shall be deemed to be references to "Carrier's Representative" except when the context precludes such reading. All reference to San Juan shall also include Carrier's Puerto Nuervo terminal. All references to "container" shall be deemed to include trailers unless the specific language precludes such a reading. All references to "NOS" shall be deemed to be refer to "General Cargo" except when the context precludes such a reading.

H-2. CONTRACT TYPE

An Indefinite Delivery Indefinite Quantity type contract as defined at FAR Part 16.504.

H-3 RESERVED

H-4 DEAD FREIGHT

The Government shall not be liable for payment of dead freight.

H-5 CARGO BOOKING POLICY

H-5.1 GENERAL SERVICE SECTION CARGO. The Government will book cargo with any or all of those Carriers awarded a contract as described herein. Cargo will be booked by individual rate category to the low cost Carrier that provides acceptable space and a schedule meeting the delivery requirements of the cargo, considering all services required for point or port of origin to point or port of destination and subject to the limitations specified in this section. In determining low cost, all costs incurred by the Government will be considered.

H-5.2 Single Lot of Two or More Cargo Categories. When it is determined that two or more categories of cargo must be transported as a single lot, either because of the nature of the cargo or to insure availability of suitable transportation for all cargo included within that lot, the overall favorable Carrier shall be determined among those Carriers who can provide acceptable space and service for the entire lot of cargo.

H-5.3 Maximum Cargo Limitation.

- (1) To achieve a cargo limitation among the carriers providing satisfactory service on the route that is covered by this contract, the Government intends to book cargo such that no carrier shall receive more than a maximum percentage of seventy-five percent

(75%) of the total military cargo available for carriage under this contract outbound from the United States.

- (2) However, at any time, the foregoing percentage may be increased/decreased, if, in the opinion of the PCO, such change is warranted in view of (a) the number of carriers who have established and maintained a regular carrier service on the above routes, (b) the reasonableness of the rates offered on the above routes, or (c) in the interest of national defense.

SECTION H-6 PUERTO RICO GENERAL SERVICE

H-6.1 a. Volume Commitments

SECTION -H - SPECIAL CONTRACT PROVISION

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(1) Minimum.

(a) During the term of this contract the Government agrees to tender for outbound shipments to Puerto Rico only a minimum volume of cargo for each firm annual contract period calculated at 2574 FEUs of cargo on the route. Such volume shall be booked among all Carriers (in the aggregate) holding outbound contracts that maintain the accepted regularly scheduled service provided pursuant to section L-6.3 of the solicitation over the term of the contract or any extension thereof.

(b) For purposes of this contract, a shipment of cargo in a container of forty (40) foot length shall be counted as one FEU, and a shipment of cargo in a container of twenty (20) foot length shall be counted as one-half (.5) FEU. Breakbulk cargo shall be translated to an FEU equivalent by converting the manifest measure of all such cargo using a conversion of one FEU per 41 measurement tons of cargo tendered. Vehicles shall be translated to an FEU equivalent by converting the manifest measure of all such cargo using a conversion of one FEU per 21 measurement tons of cargo. This minimum shall not be commodity specific and may apply to one or all commodities carried by the Carrier, and shall apply to general service trade point/port pairs. Bookings which are tendered to the Carrier up to the maximum space commitment, and which are not accepted by the Carrier for any reason other than force majeure or negligence or fault of the Government, shall be counted against the minimum volume of cargo guaranteed herein.

(c) In the event a Carrier holding a contract on the general service trade is unable to transport the minimum volume guaranteed on the route, the ACO reserves the right to make other arrangements to meet such requirements.

(d) Each Carrier party to this contract will be guaranteed a minimum of 1 FEU equivalent during the term of the contract. In the event the government fails to ship at least 1 FEU equivalent with a carrier, the government shall pay to that carrier a liquidated damage payment in the amount of \$400.00.

(2) Maximum - During the term of this contract, the total cargo to be shipped on the general service trade route, shall not exceed the total FEU vessel capacity of all Carriers holding contracts under this Contract, and which are available to transport cargo on such route.

(3) Cessation of Funding. If, due to legislative action (or lack thereof) beyond a particular shipper's control, funding ceases to be available for DTS movement of that shipper's cargo, the shipper shall not be held liable for volume commitment liquidated damages associated with cargo shortfall during the period over which funding is unavailable. Total volume commitment will be adjusted at no cost to the Government.

b. Service Commitment.

(1) Space Commitments: Common Carriers shall be obligated to reserve a minimum container capacity for the carriage of General Cargo, vehicles and reefers over the applicable general service route equal to five (5) percent of the respective vessel's FEU container capacity, for each vessel sailing from CONUS. Five percent of RO/RO capacity reserved shall be based on square footage measure of space available on a vessel. Five percent of breakbulk capacity reserved shall be based on the bale/cube measure of space available on a vessel. All contract Carriers shall be obligated to dedicate a minimum container capacity for the carriage of General Cargo, vehicles and reefers over the applicable general service on the route equal to five (5) percent of the respective vessel's FEU container capacity, for each vessel sailing from CONUS. Five percent of RO/RO capacity reserved shall be based on square footage measure of space available on a vessel. Five percent of breakbulk capacity reserved shall be based on the bale/cube measure of space available on a vessel.

(a) Space available cargo. In addition to the commitment stated immediately above, the Government may book cargo over and above the guaranteed space requirements provided under this contract. The

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Carrier shall accept such bookings on a space available basis, and, upon acceptance, shall guarantee space and an assured ocean transit of service for such cargo on the specify vessel sailing to which the cargo is booked.

(b) Calculation of space available cargo. Additional cargo shall be counted toward the cargo commitment as contained in section H-6.3.1.a.(1), above.

(2) Frequency of service. The Carrier agrees to provide and maintain regular liner U.S. flag vessel sailings at each CONUS port in accordance with service offered pursuant to section L-6.3.4 of the solicitation. The shipper shall use the Automated Electronically Transmitted Container Data Information (EDI) or the manifest as a basis to verify the Carrier's frequency of service. In the event both EDI and manifests are available, then EDI will be the controlling source of information. Carriers will be allowed a schedule variable of 20% in the number of days rounded up to the next whole day. Examples of the schedule variable are as follows:

Frequency	Variable	Calculation	Frequency variable
every 7 days	20%	$7 \times 20\% = 1.4 \text{ days}$	$7 + 2 \text{ (rounded)} = 9 \text{ days}$
every 10 days	20%	$10 \times 20\% = 2.0 \text{ days}$	$10 + 2 = 12 \text{ days}$
every 14 days	20%	$14 \times 20\% = 2.8 \text{ days}$	$14 + 3 \text{ (rounded)} = 17 \text{ days}$

(3) Service changes.

(a) The Carrier may modify its schedule to reflect permanent changes in its regularly scheduled service as offered pursuant to section L-6.3.4 of the solicitation. Such changes in the Carrier's service during the term of the contract may impact the Carrier's frequency of service and/or assured ocean transit. Therefore, frequency of service and/or assured transit times may be modified and liquidated damages shall not apply during a transition period if the following conditions are met: (1) the Carrier provides notice in writing to the PCO thirty (30) calendar days prior to the implementation of the permanent schedule change, along with a revised description of service in the same manner prescribed at section L-6.3.4 of the solicitation; and (2) the PCO determines that the schedule change does not exceed 120% of the originally offered frequency and/or assured ocean transit over the life of the contract, or (3) the PCO waived conditions (1) and (2), above. For the purposes of the Carrier's service commitments under this contract, the revised service will become effective 30 calendar days from the date of writfive notice to the PCO ("transition period"), and liquidated damages shall apply to the revised service thereafter.

(b) The Government will consider exemption from Service Frequency and Assured Ocean Transit times (H-6.1.b.(2)) and applicable liquidated damages for carriers that anticipate scheduled drydocking of vessels that call the direct ports listed on the carrier's description of service. Each exception will be reviewed and determined by the ACO based on the extent to which drydocking directly affects the carrier's ability to deliver cargo and provide service on the affected route(s). Each review will be conducted independently of any other, and each determination will stand on its own without regard to establishing precedent. Carriers will provide the ACO a minimum of 120 days notice of an impending drydock. The Drydock Notice will include the vessels, the routes and port calls involved, the dates of the drydocking, the dates of the change in service, and a description of the carrier's best effort to provide the same level of service, including substitution of vessels and other affected assets. Notices submitted less than 120 days before the dry docking will not be considered. Exemptions will not alter established prices and other terms and conditions contained herein , nor will applicable law and regulation be exempted.

(4) Electronic Commerce/Electronic Data Interchange (EDI)

(a) Electronic exchange of booking and internet status data is required by this contract. EDI is the preferred method for exchange of this data. However, an acceptable alternative is listed below.

(b) Carriers electing to participate in the MTMC EDI are required to execute a Trading Partner Agreement (TPA) with MTMC. This is an umbrella document that describes the use of electronic media and electronic

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signatures; and establishes EDI transactions as legally enforceable in lieu of signed paper documents. Carriers who have not executed TPAs with MTMC for ocean cargo booking and ITV transactions will initiate a TPA with

MTMC no later than 14 calendar days after contract award. The TPA will be approved upon successful completion of transmission tests for each transaction set.

(c) Carriers shall receive booking data (300) and cancellation data (303) from MTMC, and shall send booking confirmation (301) and intransit status (315) data to MTMC. Carriers shall provide the Government status reports for the following events:

<i>Code</i>	<i>Meaning</i>	<i>Notes</i>
EE	Empty spotted	Empty container out gate is acceptable in lieu of actual spot report.
W	Loaded container	
I	In-gate at POE	Required only if carrier provides origin depart origin inland
VD	Vessel sails	
VA	Vessel arrival	This report is required at POE and at transshipment ports
UV	Vessel discharge	
OA	Out gate from POD	This report is required at POD and at transshipment ports
X1	Deliver to consignee	
	Empty container pick up	

OPTION: Carriers may choose to report event status of cargo using MTMC provided dial-in or internet based systems. This capability is in development and is scheduled to be implemented before 15 Jan 1998. The Government will provide instructions/training on use of this system. First carrier reports are due two weeks after system is implemented and government provides carrier instructional/training materials.

(d) Implementation Conventions. The 300, 301, 303 and 315 transaction sets are described in detail in the implementation conventions. Copies of the IC's, when approved, can be obtained from <http://www.imi.org/dtedi>.

(e) This contract includes, by reference, the approved Implementation Conventions for the 300,301,303 and 315 transaction sets. Changes to the IC's are initiated through the Automated Carrier Interface (ACI) Committee which is composed of both government and carrier members. Carriers holding JTMO contracts that require EDI are, or will be, voting members of the ACI Committee. Changes approved by the ACI Committee are forwarded to the EDI governing committee(s) for approval and publication. This contract incorporates changes as may be approved by the ACI Committee for implementation in accordance with the schedules approved by the ACI committee.

(f) At time of contract award MTMC will be transitioning from manual and TDCC formats to ANSI X12 standards. Cargo booking sets 300, 301 and 303 will migrate to ANSI X.12 version 3060. The transition of MTMC systems from TDCC is scheduled to be complete by March 1998. ITV status transaction set 315 will migrate from ANSI X12 version 3030 to version 3060.

(1) Carriers exchanging booking transactions in the TDCC format at time of contract award will convert to ANSI X12 formats by 1 March 1998 or upon suspension of booking operations at MTMC Eastern and Western Area offices, whichever is later.

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(2) Carriers not exchanging booking transactions in TDCC format at time of contract award will begin exchanging booking transactions in the ANSI X12 format for shipments originated by the CONUS booking office no later than the effective date of this contract.

(3) Exchange of EDI booking transactions for shipments originated by OCONUS booking offices will be implemented concurrent with implementation of IBS at OCONUS booking offices. Carriers will be provided at least 90 days advance notice of requirements to begin exchanging EDI booking transaction with OCONUS booking offices.

(4) Carriers will begin EDI/ITV status reporting no later than the effective date of the contract.

(g) Carrier Payment

(1) EDI is required, but in the event the carrier is unable to comply, the carrier shall participate in the CARS program.

(2) Automated fund transfer (AFT) is the required method of payment. Carrier not yet authorized AFT must provide bank and account information necessary to implement AFT.

(h) Carrier submission of vessel schedules.

(1) Carrier will provide copies of its vessel schedules to the cognizant MTMC booking offices at least 45 days prior to the earliest voyage sail date. Schedules should include all direct and feeder service connections included in carrier's offer. Should the carrier revise the vessel schedule, the carrier shall provide a revised schedule within one day.

(A) Hardcopy or fax schedules will be provided to OCONUS booking offices.

(B) Electronic submission of schedules to the CONUS booking office is required. Carrier may either enter schedules into MTMC provided systems (using dial-in or internet based facilities as may be developed by MTMC) or transmit vessel schedule files to MTMC. File structure and format requirements for vessel schedule files will be provided by the government by 1 Nov 1997. Instructions for obtaining passwords and accessing MTMC dial-in or internet based vessel schedule entry system will be provided by 15 Dec 1997.

(i) Liquidated damages.

(1) Timeliness of initial submissions. Voyage data provided to MTMC less than 45 days before the earliest sail date on the voyage will be considered a late submission and the carrier shall be assessed a liquidated damage of \$250 per voyage. Damages will be assessed at the expiration of the contract.

(2) Reliability. Carrier shall provide timely notice of schedule changes. Actual POD arrivals of more than two days from the scheduled POD arrival dates in effect 7 days prior to sail date will be considered as unreliable and subject to liquidated damages of \$50 for each port POD on the schedule with delivery slippage of more than two days. Damages will be assessed at the expiration of the contract

(j) Exceptions to EDI requirements: As circumstances warrant, the PCO may unilaterally modify the contract, in whole or part, and exempt carrier from specific EDI requirements. This modification may be for a specified time period, or for the duration of the contract.

(k) EDI addressing and testing requirements information will be provided by HQMTMC (JTMO). Point of Contact to address any questions is Mr. Joe Crandell, Tel (703) 681-6717.

(5). Non-Performance

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(a) Failure to Load Containers. If, for reasons other than Force Majeure, a stuffed container is released by the Government within reasonable time to meet the scheduled sailing time and date of the Carrier's vessel to which it is booked and the container is delayed, through fault of the Carrier, thereby precluding the container from being loaded on the vessel, the Carrier shall be liable for liquidated damages. The parties expressly agree and stipulate for each container (FEU) not lifted, the measure of such liquidated damages shall be the sum of four hundred dollars (\$400). Liquidated damages under this paragraph shall be independent of any liquidated damages assessed under paragraph H-6.3.2., below, or excess costs which may be assessed under the Default clause. As such, liquidated damages are separate and independent of damages resulting from excess costs assessable under the Default clause of this Contract.

(b) Frequency of Service. If, for reasons other than Force Majeure, the Carrier fails to maintain sailing frequency within the 20% schedule variable limit as specified in paragraph H-6.3.1.b.(2). herein, the Carrier shall, in place of actual damages, pay to the Government as fixed and agreed, liquidated damages, for each calendar day of delay, the sum of twenty dollars (\$20) for each container (FEU) based on the number of containers (FEU's) booked to that delayed vessel. Liquidated damages under this paragraph shall be independent of any liquidated damages assessed under paragraph H-6.3.2., herein, or excess costs which may be assessed under the Default clause. As such, liquidated damages are separate and independent of damages resulting from excess costs assessable under the Default clause of this Contract.

(c) Assured ocean transit. If, for reasons other than Force Majeure, the Carrier fails to deliver the containers within the ocean transit time limits as set forth in its description of service provided pursuant to section L-6.3.4 of the solicitation, the Carrier shall, in place of actual damages, pay to the Government as fixed and agreed, liquidated damages, for each calendar day, or part thereof of delay, the sum of \$35.00 for dry and reefer freeze containers, and the sum of \$100.00 for reefer chilled containers.

(d) Government Performance. If, for reasons other than Force Majeure or Carrier inability to transport the cargo, the Government fails to meet the minimum volume cargo commitment as specified in Section H-6.3.1.a., herein, the Government shall, in place of actual damages, pay to the Carrier as fixed and agreed, liquidated damages, in the amount of four hundred dollars (\$400.00), for each container (FEU) in default, and that no further liability shall be incurred by the Government for such cause. Liquidated damages payable to carriers will be divided among the carriers participating on the general service point/port pairs proportionately according to the quantity of cargo carried by each carrier.

(e) Liquidated Damage Records. The ACO, will determine if any liquidated damages are due to parties to the contract.

(1) For liquidated damages due to the Government, the ACO shall maintain a list of containers in default, frequency of service defaults and assured transit defaults, during each month of Contract period. The ACO shall send Liquidated Damage Calculation Notice (LDCN) to the Carrier with a copy to the PCO, of the specified defaults within 10 working days after the end of each month of the Contract period. The Carrier will have 10 working days from the date of LDCN to review and provide the ACO with any documentation available to substantiate a correction to the LDCN. The ACO shall have 10 working days to review the Carrier's submission and issue an amended LDCN if required. In the event that the Carrier and the ACO are unable to reach agreement, the ACO shall refer that portion of the LDCN to the PCO for a determination. The Shipper shall offset the amount of any LDCN against monies due and payable under any shipping order at regular intervals. However, no disputed portion of the LDCN shall be offset until the PCO has rendered a decision.

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(2) For liquidated damages due to the Carrier, the ACO shall submit within 10 working days of the end of each three month period of the contract to the Carrier, with a copy to the PCO, a statement of the quantity of cargo offered under this Contract. A cumulative final statement for the Contract will be submitted within 10 working days of the Contract expiration and payment will be due to the Carrier 30 days after the final statement is issued.

(6) Force Majeure.

Liquidated damages shall not be assessed under this section for failure to perform which arises from causes beyond the control and without the fault or negligence of the breaching party. Examples of such causes are Acts of God or of Public Enemies, acts of the Government as either a sovereign or, for purposes of section H-6.3.1.b.5.(a) only, its contractual capacity, fires, floods, epidemics and quarantine restrictions, strikes, freight embargoes, and unusually severe weather.

H-7 LIMITATIONS OF CARRIER'S OBLIGATION

(a) Notwithstanding any other provisions of this contract, the Carrier shall have the right to reject dry or liquid bulk cargo (i.e., not packaged, containerized or in tank containers); any species of live animals; and other cargo deemed by the Carrier to be dangerous or obnoxious in character. Any such cargo accepted for carriage shall be freighted at the General Cargo rate. The Carrier shall not be required to receive or deliver containers at points or places where it is impracticable or unsafe to operate tractors and chassis due to conditions of roads, streets, or alleys or when prevented from doing so because of fire, acts of God, acts of war, riots, civil commotions, strikes, lockouts, stoppages or restraints of labor or other labor disturbances.

(b) The transportation and handling of hazardous cargo for shipment shall be subject to Title 49 of the Code of Federal Regulations, Part 171 et seq. (49 CFR) in force at the time of shipment. The Carrier shall refuse to transport hazardous cargo, either by land or by ocean, which does not conform in all aspects to these regulations and any other applicable U.S. governmental regulations. When the Carrier refuses to pick up a container based on non-compliance with appropriate regulations as stated herein, the Government shall reimburse the Carrier for all actual line-haul expenses incurred as a result of Government failure to comply with applicable hazardous cargo regulations. Explosives, other than small arms ammunition, are excluded from the scope of this contract and will not be carried hereunder.

H-8 DESCRIPTION OF BARGE SERVICE

a. Application of COGSA - If the Carrier provides common Carrier service via a barge system, the following additional provisions apply.

(1) Period of Liability. The Carrier will be liable for cargo claims in accordance with the Carriage of Goods by Sea Act, 46 USC 1300 et seq. (See Section H-32) from the time the cargo is loaded on a barge to the time the cargo is discharged from the barge.

(2) Limitation of Shipowner's Liability. On any voyage, the Carrier will not invoke limitation of shipowner's liability under 46 US 183 for aggregate losses or damages to cargo in barges to a value less than the limitation value of the tug(s) and barges at time voyage is completed.

(3) Barge Not a Package. A barge will not be deemed to be a package within the meaning of the \$500 package limitation in Section 1304 of Title 46 of the United States Code.

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b. Government Liability. The Government will not be liable for any damage sustained by a barge or tug while alongside a loading or discharging facility, except to the extent that it would be liable for such damage to an oceangoing vessel alongside such facility under the law and other terms of this contract. All containerized cargo in or on barges will be considered to be stowed underdeck. All reference in this Contract to "vessel," "ship," or "barge" shall be deemed to be references to barge/tug except when the context precludes such reading.

H-9 DAMAGE

(a) Damage to Carrier Equipment. Should the container, chassis, or any other piece of Carrier equipment be damaged by act of the Government, its agents, employees, or contractors while such Carrier equipment is in the custody of the Government, its agents, employees or contractors, the Government shall repair or reimburse the Carrier the least of the following: the reasonable costs of repairs; the fair market value immediately prior to the damage; or the depreciated value on the Carrier's books. The Carrier will assign to the Government any rights, causes of action, or other claims which the Carrier may have against third parties with respect to such damage. The Government shall not be liable for the repair of any damage under this Section unless written notice specifying such damage shall have been given to and acknowledged by the Government or its authorized representative at the time custody of the container or other equipment is returned to the Carrier. Claims submitted under this clause for damage to Carrier equipment shall be filed with Commander, Military Sealift Command, Atlantic, ATTN: Code N2, Bayonne, New Jersey.

(b) Damage to Government Equipment. The Carrier shall be liable for loss of or damage to Government containers and chassis while in the Carrier's custody to the same extent that the Government is liable for loss or damage to the Carrier equipment while in the Government's custody. The Carrier will not procure insurance coverage on Government containers and will not be liable for any loss thereof under circumstances covered by the Carrier's war risk insurance on its own containers.

H-10 GOVERNMENT FURNISHED CONTAINERS

From the time to time the Government may book cargo for carriage in Government-owned or leased containers. It is contemplated that Government containers will usually be 20 foot closed top, dry ISO cargo containers, although other types and sizes of containers may be utilized. The Carrier will furnish any additional equipment, including chassis, necessary for the carriage of cargo in Government containers in accordance with the provisions of this Contract and the requirements of particular shipping orders. All provisions of this Contract shall apply to the carriage of cargo in Government containers in the same manner that they apply to the carriage of cargo in the Carrier's container.

H-11 GOVERNMENT LIABILITY FOR IMPROPER DOCUMENTATION

If the Government does not provide the Carrier with the correct container documentation at the time and location of Carrier acceptance, the Carrier may refuse to pickup or accept the container. If the Carrier refuses to accept a container because the Government has not provided proper documentation, the Government shall reimburse the Carrier for actual costs incurred if the Carrier has made a futile trip in connection with such circumstance. If the Carrier chooses to pick-up or accept the container, the Carrier shall provide the cognizant MTMC manifesting activity with all the missing receipt or lift data in order that the container can be completely identified for onward movement. This information must be provided within one (1) working day of receipt or lift, or earlier if necessary to meet the scheduled vessel sailing.

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H-12 GOVERNMENT LIABILITY FOR CONTAINERS SPOTTED BUT NOT USED

In the event the OO orders and the Carrier delivers an acceptable container which is subsequently released without utilization, the Government shall, nevertheless, reimburse the Carrier the actual cost incurred for spotting such container as though it had actually been used if the Carrier has made a futile trip. If the container is subsequently ordered to be delivered at another place, the Government shall pay the Carrier the applicable stop-off charge as if a stop-off service had been ordered.

H-13 FAILURE TO SPOT

(a) Remedies. When the Carrier fails to spot an empty container by the designated date and time, and as a result there is not reasonable time to allow stuffing and release of the container in sufficient reasonable time to meet the scheduled sailing date of the vessel to which the container is booked, the Carrier shall be liable either for the payment of liquidated damages or for the reimbursement of expenses incurred by the Government to obtain alternate surface transportation of the container. The Government shall also be entitled to cancel the booking of such cargo.

(b) Liquidated Damages. Liquidated damages shall be equal to the detention charges (Attachment 5) for each 24-hour period, or pro-rata for part thereof, from the time of completion of loading of the vessel to which the container was originally booked to the time of commencement of loading of the Carrier's next scheduled vessel to the port of destination to which the container was booked. If the Government cancels the booking, the Carrier's liability for liquidated damages shall be limited to the period ending with cancellation.

(c) Alternate Transportation. If the Government elects to employ alternate intermodal surface transportation to move the container to another port, the Carrier shall be liable for any expenses or costs incurred by the Government above the expenses that normally would have been incurred had the container been furnished by the designated time and date.

(d) Government Responsibility for Failure. Neither liquidated damages nor charges for Government expenses will be assessed if the Carrier can establish: 1) that the inability to spot the container as agreed is the result of the Government's failure to unstuff and release an empty container to the Carrier within a reasonable time; 2) that it advised the OO of such inability at least seven days prior to the required spotting date; and 3) that the Carrier only accepted bookings which could reasonably be expected to be fulfilled.

H-14 DELAY IN SPOTTING

When the Carrier fails to spot an empty container by the designated date and time, and as a result the Government must incur overtime expenses to enable stuffing and release of the container by the Government prior to the scheduled sailing date of the vessel, the Carrier shall be liable for payment of liquidated damages equal to the total overtime expense incurred by the Government.

H-15 CONTAINERS

(a) At the time of booking, the Carrier shall notify the OO if the maximum cargo weight which can be loaded into a container which is to be stuffed by the Government is less than the standard legal maximum cargo weight capacity for the container, and the reason therefor. Prior to the loading of Government stuffed container(s) onto the Carrier's vessel for subsequent movement of that cargo north or southbound between the Carrier's terminal and final point of destination (POD), the carrier will provide notification to the Government if any

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container released to the Carrier for such movement exceeds legal weight restrictions imposed along north or southbound. If the Government stuffs a container with cargo weighing in excess of the container's standard maximum weight carrying capacity or in excess of any lesser weight of which it has been given notice under Section H-14., it shall remove, or pay the expenses of the Carrier in removing or handling the excess weight of cargo. All consequences or liabilities that may result from excessive weight of containers stuffed by the Carrier, shall be the responsibility of the Carrier. All fees or other costs incident to weighing containers shall be the responsibility of the Carrier.

(b) The Carrier shall not refuse to carry a container between a CONUS port and Puerto Rico or the Virgin Islands that weighs in excess of the local maximum weight allowed by U.S. Federal, state, or local governments if the container can be discharged from the vessel and the excess weight of cargo can be removed without violation of the applicable law, regulation, or ruling that established the maximum weight.

H-16 GOVERNMENT FAILURE TO TIMELY RELEASE CONTAINERS

H-16.1 Occurrence When a container is not released by the Government within a reasonable time (in accordance with established vessel sailing cut-off times) to meet the scheduled sailing time and date of the Carrier's vessel to which it is booked, thereby precluding the cargo from being loaded on the vessel, the Government shall have the remedies set forth below. In no event will the Government be liable for vessel demurrage or dead freight as a result of failure to release a container in time to meet a specified vessel sailing.

H-16.2 Load on the Next Vessel. The Government may allow the Carrier to load the container on the next vessel scheduled to the booked port of debarkation and pay the Carrier detention charges set forth in the contract, from the time of completion of loading of the vessel to which the container was originally booked to the time of the commencement of loading of the Carrier's next scheduled vessel to the port of debarkation to which the container is booked.

H-16.3 Move to Another Place . The Government may order the Carrier to move the container to another place, including another Carrier's terminal. The Government shall bear all costs of such movement. The Government shall return the container to the Carrier at the port of debarkation.

H-16.4 Unstuff the Container. The Government may order the Carrier to move the container to another place for unstuffing. The Government shall bear all costs of such movement and shall pay detention charges set forth between the time of completion of loading of the vessel to which the container is released to the Carrier.

H-17 CARRIER FAILURE TO LOAD CONTAINERS

H-17.1 Occurrence . When a stuffed container is released by the Government within reasonable time to meet the scheduled sailing time and date of the Carrier's vessel to which it is booked and the container is delayed, through fault of the Carrier, thereby precluding the container from being loaded on the vessel, the Government shall have the remedies set forth below.

H-17.2 Load on the Next Vessel. The Government may order the Carrier to load the container on the next vessel scheduled to the same port of debarkation and hold the Carrier liable for liquidated damages equal to detention charges from time of completion of loading of the vessel to which the container was originally booked to the time of completion of loading of the Carrier's next scheduled vessel to the port of debarkation to which the container is booked.

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H-17.3 Move to Another Place. The Government may order the Carrier to move the container to another place, including another Carrier's terminal, and the Carrier shall bear all cost of such movement. The Government shall return the container to the Carrier at the port of debarkation. The Carrier shall be liable for liquidated damages equal to detention charges commencing at the time of completion of loading of the vessel to which the container was originally booked and ending when the vessel on which the container is loaded sails. The Carrier shall also be liable for freight, and any other expenses, paid by the Government for movement of the container over that freight which would have been paid to the Carrier if it had been loaded as originally booked.

H-17.4 Return of the Cargo. If the Government elects to order the return of the cargo, the carrier shall move the container to another place designated by the OO for unstuffing. The Government shall bear all costs of such movement.

H-18 NO FAULT FAILURE TO MEET SAILING

H-18.1 Occurrence. If a container stuffed with cargo misses the sailing for which it is scheduled due to no fault of the Government or the Carrier, the Government shall have the remedies set forth below.

H-18.2 Load on the Next Vessel. The Government may order the Carrier to load the container on the next vessel scheduled to the same port of debarkation. The Government shall pay only for freight and usual charges.

H-18.3 Move to Another Shipping Place. The Government may order the Carrier to move the container to another place, including another Carrier's terminal. The Government shall bear all costs for such movement and shall return the container to the Carrier at the port of debarkation.

H-18.4 Return of Cargo. If the Government elects to order the return of the cargo, the Carrier shall move the container to a place designated by the OO for unstuffing. The Government shall bear all costs of such movement.

H-19 DELAY OF SCHEDULED SAILING

H-19.1 Occurrence. If the scheduled sailing to which container cargo is booked is delayed more than 96 hours 48 hours for container stuffed with refrigerated or perishable cargo) beyond either the departure time scheduled when the container was ordered, or the time the stuffed container arrived at the Carrier's terminal, whichever is later, the Government shall have the alternatives set forth below.

H-19.2 Container Release. The Government may allow the container to move on the delayed sailing.

H-19.3 Move to Another Shipping Place. The Government may order the Carrier to move the container to another place, including another Carrier's terminal. The Government will bear all costs for such movement, including removal of the container from the vessel and placement on a chassis. The Government shall return the container to the Carrier at the port of discharge.

H-19.4 Return the Cargo. If the Government elects to order the return of the cargo, the Carrier shall move the container to another place designated by the OO for unstuffing. The Government shall bear all costs of such movement, including removal of the container from the vessel.

H-20 STORAGE CHARGES

When the Carrier fails to pick-up a container from the Government facility within the time period specified in Section C-5(3), the Carrier shall be liable for payment of storage charges computed at the detention rates for each 24-hour period, or pro-rata for part thereof, from expiration of the time described in Section C-5(3).

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H-21 COMMENCEMENT OF DELIVERY TRANSPORTATION

When the Carrier fails to commence inland delivery transportation within the specified time period, the Carrier shall be liable for payment of liquidated damages, computed at the rates for detention charges for each 24-hour period, or pro-rata for part thereof, in excess of the time period specified in Section C, excluding time lost due to delay in commencing delivery pursuant to a request by the OO , labor disturbances, or fault or failure of the Government.

H-22 TRANSSHIPMENT OR RELAY

H-22.1 Policy. The Carrier shall transport a container between any loading and discharging port on any route set forth in Section B on a single vessel unless transshipment is part of the regularly scheduled service on which award was based or unless it has received written permission from the OO at the time of booking to relay or transship the

containers. The Carrier's request for permission shall include notice of the extent to which it will transship or relay the container between vessels (whether its own or other Carriers') and of the flag of the vessels involved. Transshipped or relayed containers will be loaded aboard the first available vessel sailing from the port of transshipment or relay. The MTMC representative at the port of transshipment or relay will be furnished the name of the vessel and/or Carrier and estimated time of arrival at destination.. In the event no MTMC representation at such port, the carrier shall furnish information to the representative at the port to which the cargo is destined in accordance with H-22.3.

H-22.2 Foreign Flag Vessels. No foreign built and/or foreign flag vessel will be used for any portion of the carriage between the ports of loading and discharge unless the use of such vessel has been approved in writing by MSC prior to booking or unless delivery to the port of discharge on the U.S. flag vessel scheduled to carry the container to that port is prevented by casualty to the vessel that precludes its call at the port of discharge within a reasonable time and MSC has approved transshipment or relay on the foreign flag vessel. No freight shall be due for transshipment wholly or partially on a foreign built and/or foreign flag vessel in violation of this paragraph.

H-22.3 Notification of Arrival. When delivery of cargo is made by a transshipment or relay vessel, the Carrier will notify the OO of the impending arrival of the cargo at the port of final destination, and will include in such notification, the name, estimated time of arrival, and flag or registry of the ship in which it will arrive; the Carrier's name, the ship and voyage document number to which the cargo was originally manifested; the container number, if applicable; and the names and flags of registry of any ship utilized for intermediate transshipment or relay.

H-23 TRANSFER OF CONTAINERIZED CARGO. The Carrier shall not transfer cargo from one container to another without the authorization of the OO , except when such transfer is required to safeguard the cargo during the continuation of the movement. When cargo is transferred from the original container, the Carrier shall immediately so notify the MTMC activities having cognizance over the loading and discharge ports. Such notice shall contain the serial number and seal number of the original container, and of the container to which cargo was transferred, the place where the transfer occurred and the reason for the transfer. When the container to which the cargo was transferred differs in internal cubic capacity from the original container, freight shall be based upon the cubic capacity of the original container as specified in Section G-7 .

H-24 FREE TIME

Free Time and Detention - When the Government detains carrier equipment (container and/or chassis) beyond the allow free time as set forth below, detention shall accrue.

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H-24.1 Free Time Allowed. The total amount of free time will be ten (10) calendar days for dry cargo and five (5) calendar days for refrigerated cargo. Free time shall not commence nor include Saturdays, Sundays, or holidays celebrated by indigenous population where the container is located.

H-24.1.1 Delivery at the Port of discharge - When the Government takes delivery of containers at the carrier's terminal at the port of discharge, time shall begin at 0800 hours local time after the container has been discharged from the vessel, cleared for linehaul or drayage by all applicable agencies of the local government (e.g., U.S. Department of Agriculture, Puerto Rico Department of Agriculture), and the OO has been notified that the container is ready for onward movement, except that notice is not required if previous instructions relative to commencement of linehaul or drayage have been received by the OO. Time shall also run during any period of government ordered delay at the terminal or when clearance by applicable local government agencies is delayed due to the non-availability of documents necessary for clearance which are required to be furnished by the Government, provided however, that the container is otherwise ready for linehaul or drayage and the OO has been notified of the non-availability of such documents. Time shall not run when clearance by local government agencies is delayed due to error or omission on the part of the Carrier to provide the required receipt, lift or transshipment data, or during any period when the containers are held at the carrier's terminal due to local labor disturbances. Time shall cease to run when the container with chassis is returned to the carrier at its terminal at the port of discharge.

H-24.1.2 - Delivery at Inland Destination - When the carrier provides linehaul or drayage of the container, time shall commence to run at 0800 hours local time after the container has been discharged from the vessel, cleared for linehaul or drayage by all applicable agencies of the local government (e.g., U.S. Department of Agriculture, Puerto Rico Department of Agriculture), and the OO has been notified that the container is ready for onward movement, except that notice is not required if previous instructions relative to commencement of linehaul or drayage have been received by the OO. Time shall also run during any period when clearance by applicable local government agencies is delayed due to government ordered delay or to the non-availability of documents necessary for clearance which are required to be furnished by the Government, provided however, that the container is otherwise ready for linehaul or drayage and the OO has been notified of the non-availability of such document. Time shall not run when clearance by local government agencies is delayed due to error or omission on the part of the Carrier to provide the required receipt, lift or transshipment data, or during any period when the containers are held at the carrier's terminal due to local labor disturbances. Time shall cease to run when the container is released for linehaul or drayage by the OO.

H-24.1.2.1 - Time shall commence to run at places of destination at 0001 hours local time after the container is physically tendered for delivery to the consignee and shall cease to run at 2400 hours local time on the day the carrier is notified that the container is released for pick-up or when the container is returned to the carrier , whichever shall occur first.

H-24.1.2.2 - Time shall run during delays incurred at destination when due to the inability of the government to accept containers at the receiving activity, provided the government has been notified of the containers arrival at such area.

H-24.1.2.3 Stop Offs - Free time of four hours shall be allowed for each stop off. Time shall commence to run at places of stop off following placement of the container for unstuffing at 0800 hours or time of placement, whichever is later , and shall cease to run when the carrier has been notified that the container is released or when the container is returned to the carrier, whichever shall occur first. However, time shall not run between the end of the working day at the place of stop off and 0800 hours local time on the next day unless the time used already exceeded four hours, in which case time shall continue to run.

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H-24.1.3 Government furnished containers - When Government owned or leased chassis are not provided for the carriage of government furnished containers, and the carrier must furnish a chassis, the carrier's chassis will be subject to the same free time provisions as prescribed herein, and detention charges for the carrier's chassis will be assessed in accordance with the charges set forth in section H-25 below.

H-24.1.4 - Refrigerated containers - The carrier shall be responsible for ensuring that there is enough fuel to sustain refrigerated containers during free time allowed under this agreement. Carrier shall fill the tanks to its maximum capacity at the time the container is released for linehauling to the inland destination. This fuel shall be provided at the carrier's expense. However, when Government delay results in payment of detention for a refrigerated container, the carrier shall be compensated for fuel provided by the Carrier and consumed during the detention period. The compensation payable by the Government will at the Carrier's actual cost including labor and materials.

H-24.2 Commencement of Free Time - In Puerto Rico and USVI, time shall begin at 0800 hours local time after the container has been discharged from the vessel, cleared for line-haul/drayage by all applicable agencies of the local government, (including customs, the U.S. Department of Agriculture, and the Puerto Rico Department of Agriculture), and the OO has been notified that the container is ready for linehaul/drayage, except that notice is not required if previous instructions relative to commencement of line-haul or drayage have been received by the OO. In CONUS and USVI (M-Term Service), time shall commence to run when the container is physically tendered for delivery at final destination.

H-24.3 Running of Time. In Puerto Rico and USVI, time shall run during any period when clearance by local government agencies is delayed due to the non-availability of documents required for such clearances which are furnished by the Government, provided, that the container is otherwise ready for release and the OO has been notified of the unavailability of such documents. In CONUS and USVI (M-Term Service), time shall run during delays incurred at destination when ordered by the Government or when due to inability of the Government to accept containers at the receiving activity, provided the Government has been notified of the container's arrival at such area.

H-24.4 No Running of Time. Time shall not run during any Saturday, Sunday, or locally observed holiday at the place the container is located. In CONUS and USVI, time shall not run when clearance by local government agencies is delayed because the Government is unable to provide documentation due to error or omission on the part of the Carrier to provide receipt, lift, or transshipment information. In Puerto Rico and USVI, time shall not run during the period containers are held at the Carrier's terminal due to local labor disturbances.

H-24.5 Cessation of Time. In Puerto Rico and USVI, time shall cease to run when the container is interchanged with the inland Carrier. In CONUS and USVI (M-Term) time shall cease to run container is released to the Carrier after unstuffing at destination.

H-25 DETENTION - When the Government delays a container beyond allowable free time as set forth in Section H-24 above, detention shall be payable at the rates set forth in Section H-25.2 below for each 24 hour period or pro rata part thereof of time spent beyond allowable free time. No detention charge will be incurred for time spent in stuffing containers.

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H-25.1 - Detention Invoices - Detention invoices must be submitted to the office designated by the PCO for certification and payment, accompanied by supporting documentation no later than 24 months from the date of notification by the Government that the carrier's equipment or is available for pick up by the carrier or the equipment is returned by the Government to the carrier, whichever is applicable. Detention invoices received after that time will not be certified for payment and the Carrier waives any right to payment thereafter. Invoices for detention should be mailed to:

**Joint Traffic Management Office Eastern Area
Military Traffic Management Command
Building 42 - 7th floor
MOT Bayonne, NJ 07002
Attn: Accounts Payable**

H-25.2 CONTAINER DETENTION CHARGES

A. DRY CARGO CONTAINER

(includes closed containers, open top containers, flat racks, car carriers, any of the above with chassis, and without chassis)

	First 3 Days	Thereafter
20 FT and over	\$15.00	\$22.00
40 FT and over	\$21.00	\$35.00

B. REFRIGERATED CONTAINER & Carrier Owned TANK CONTAINERS

(includes container with chassis)

	First 3 Days	Thereafter
20 FT and over	\$46.00	\$63.00
40 FT and over	\$63.00	\$150.00

C. CHASSIS

\$5.00	\$5.00
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* (Only applies for use with Government owned or leased containers)

H-26 REROUTING/SHORT-STOPPING OF CONTAINERS

H-26.1 Rerouting of Containers. Upon request of the OO , the destination for a stuffed container may be changed at any time after transit of the container has commenced, but before the container has commenced final drayage or line-haul from the port of discharge. The Carrier shall be entitled to the appropriate rate to the new destination provided in Section B and a diversion rate of \$50.00 per diversion.

H-26.2 Rerouting within CONUS. If cargo originating in a place in CONUS is delivered to another place in CONUS as a result of a short-stop, stop-off, diversion or otherwise, the Carrier shall be paid a freight computed from the lowest applicable rates on file with the ICC for carriage between the places of origin and delivery by the Carrier or the rail or motor Carriers performing the carriage in lieu of the rates in Section B, and the Government shall be entitled to all rights and privileges accorded to shippers of such cargo in the tariff in which such rates are published and may document and pay for the carriage of such cargo in accordance with the provisions of such tariff rather than under this contract.

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H-26.3 Delivery of Short-Stopped Containers. In CONUS, the OO may elect to take delivery of short-stopped containers at the Carrier's terminals, or to deliver containers to places of the Government's choosing with Government tractors or by inland Carriers. When the Contracting Officer elects to take delivery of short-stopped containers at the Carrier's terminal at the port of discharge, free time and detention provisions are applicable.

H-27 CUSTOM OF THE TRADE

Wherever the standard of performance by either party is not provided under the provisions of these Basic Terms, the "Custom of the Trade" shall be used as a standard of performance. This phrase shall mean the established practice generally accepted by the Trucking, Rail and Marine Shipping Industries for container transportation service.

H-28 SECURITY

If the Government notifies the Carrier that the employment or the continued employment of the Master or any member of the crew is prejudicial to the interests or endangers the security of the United States of America, the Carrier shall make any changes necessary in the appointment(s). Any costs to the Carrier occasioned by such changes shall be reimbursed by the Government.

H-29 SAFETY IN LOADING AND DISCHARGING OF CARGO

The Carrier shall comply with all applicable provisions of Public Law 91-596.84 Stat. 1590 (approved December 29, 1970) known as the Occupational Safety and Health Act of 1970 (29 US 655, ex. seq.) and with the standards promulgated thereunder by the Secretary of Labor for Safety in loading and discharging of cargo. **Note:** the OSHA responsibility of Department of Defense Contractors is set forth in Defense Acquisition Circular 76-1 (30 Aug 1976), Item XXIII.

H-30 POSITION REPORTS

When specifically requested by the Contracting Officer, the Carrier shall furnish the daily noon position of any or all of the Carrier's ships operating in the routes covered by this contract.

H-31 WAR RISK

H-31.1 Reimbursement.

H-31.1.1 Normal Port Calls. In the event it is necessary for the vessel's owners to pay premier to extend the coverage of crew, hull and machinery, and protection and indemnity insurance and insurance covering the loss and damage of containers while aboard the vessel to include war risks in excess of premier on such war risk coverage on the date the Carrier's rates were submitted under this contract, or to pay crew war risk bonuses as a result of the vessel entering a war risk area, the Government shall reimburse the Carrier for a percentage of such extra premium and bonus payments based on the ratio existing between the cargo carried for the account of the Military Sealift Command which is loaded or discharged at ports within the war risk area and the total cargo aboard the vessel which is loaded or discharged at ports within the war risk area.

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H-31.1.2 Government Requested Port Calls. In the event the vessel calls at port within a war risk area solely for the purpose of loading or discharging cargo for the Military Sealift Command, the Government shall reimburse the Carrier for all such excess premium and bonus payments and for the extra cost of cargo war risk insurance premium on commercial cargo aboard the vessel at the time of entry into the war risk area.

H-31.1.3 Government Provided Insurance. If commercial marine, war risk, and liability is not available or if marine, war risk, and liability insurance through the Secretary of Transportation under Sections 1202-1205 of the Merchant Marine Act of 1936, 46 App. U.S.C. 1282 - 1285, is available at a lesser rate, the Contracting Officer reserves the right to require Carriers to obtain the necessary marine, war risk, and liability insurance from the Secretary of Transportation. Further, in the event that the Secretary of Defense, or his authorized designee, is authorized to provide and does provide indemnification to the Secretary of Transportation under Section 1205 of the Merchant Marine Act, 1936, 46 APP. U.S.C 1285, for marine, war risk, and liability coverage without premium, the Contracting Officer reserves the right to require the Carrier to obtain such insurance from the Department of Transportation and no premium as set forth in paragraphs a.(1) and (2) above will be paid to the Carrier.

H-31.2 Container Loss or Damage. The Government shall reimburse the Carrier against loss of or damage to a container in accordance with Section H-9 and as set forth below.

H-31.2.1 Causes. The Government shall reimburse the Carrier for loss or damage that is caused by capture, seizure, arrest, restraint or detention, hostilities or warlike operations whether there be a declaration of war or not, civil war, revolution, rebellion, insurrection, civil strife, or civil commotion.

H-31.2.2 Location When Damaged. The Government shall reimburse the Carrier for loss or damage that occurs when the container is not aboard the vessel, but is located within the war risk area and is (a) in the Government's custody or (b) not in the Government's custody but either stuffed with cargo shipped under this contract or emptied of such cargo and being transported between a place of initial stuffing or final unstuffing and the Carrier's nearest terminal, or other places not further distant than such terminal, and waiting at such terminal to be loaded in the first of the Carrier's vessels to call.

H-31.2.3 Not otherwise covered. The Government shall reimburse the Carrier for loss or damage to the extent that it is not covered by insurance as set forth in Section H-9.

H-31.3 Limitation of Government Liability. No payments shall be due from the Government under this clause unless and until the Carrier shall also assess such costs against commercial cargo loaded or discharged in the war risk areas.

H-31.4 Government as Additional Assured. The Carrier agrees to add the United States Government as an additional assured on its war risk policy obtained by the Carrier and for which the Government has agreed to reimburse the extra premium under this section.

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H-32 MARITIME CLAUSES

H-32.1 Application of COGSA. The United States Carriage of Goods by Sea Act (COGSA) 46 U.S.C. 1300-1315 is incorporated into this contract and shall apply to the ocean transportation of all goods (including goods in containers stowed on deck, which shall be considered as goods stowed under deck) under any Shipping Order with the same force and effect as if the Act applied to such carriage by express provision therein; provided, however, in case of loss, damage or shrinkage in transit, the rules and conditions governing commercial shipments shall not apply as to the period within which notice thereof shall be given the Carrier or as to the period within which claim therefor shall be made or suit instituted.

H-32.2 Liability. For the purpose of interpreting Section 4 of COGSA "Limitation of Liability," a container shall be considered one package only for bulk cargo. For all other cargo the limitation of liability set out in Section 4 of COGSA shall apply to each package, and for cargo not in packages to each measurement ton of cargo within the container. The carriage of cargo under any Shipping Order issued pursuant to this contract shall not be deemed or construed to be the carriage of cargo pursuant to special terms and conditions as provided for in Section 6 of COGSA; and nothing in this contract is intended to relieve the Carrier or the vessel from liability for loss or damage to or in connection with the goods arising from negligence, fault or failure in the duties and obligations provided by COGSA or to lessen such liability otherwise than as provided therein. The Carrier shall be liable as a common Carrier by land for any loss of or damage to cargo while being transported under this contract between any inland origin and the vessel's side and between the vessel's side and any inland destination. If the PCO determines that the planned disposition of the cargo is not in the Government's best interest, the Carrier shall comply with the PCO's direction to the Carrier to divert the cargo to a port of the Government's choice and to make any other arrangements for the cargo the PCO deems necessary to protect the Government's interest.

H-33 SCOPE OF VOYAGES (Liberties)

H-33.1 Determination of the Master. In any situation, whatsoever or wheresoever occurring and whether existing or anticipated before commencement of or during the voyage, which in the judgment of the Carrier or Master of the vessel is likely to give rise to capture, seizure, detention, damage, delay, or disadvantage to or loss of the vessel or any part of her cargo, or to make it unsafe, imprudent, or unlawful for any reason to begin or continue the voyage or to enter or discharge, or to give rise to delay or difficulty in arriving, discharging, or leaving the port of discharge or the usual place of discharge in such port, the Master, whether or not proceeding toward or entering or attempting to enter the port of discharge or reaching or attempting to reach the usual place of discharge therein or attempting to discharge the Government's goods may, upon notification to and with the consent of the PCO, discharge the goods into another port, depot, lazarette, craft, or other place, or retain the goods onboard until the return trip or until such other time as is deemed mutually advisable. The Master's notice to the PCO shall include, but may not be limited to, the planned port of discharge of the cargo and any measures planned to protect the cargo.

H-33.2 Contracting Officer's Direction. If the PCO determines that the planned disposition of the cargo is not in the Government's best interest, the Carrier shall comply with the PCO's direction to the Carrier to divert the

cargo to a port of the Government's choice and to make any other arrangements for the cargo the PCO deems necessary to protect the Government's interest.

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H-33.3 Equitable Adjustment. The Carrier may be entitled to an equitable adjustment to the Contract for actions taken pursuant to hereto. However, for any services rendered without prior notice to an consent of the PCO, the Carrier shall not be entitled to an equitable adjustment and in no such case shall freight be payable until the goods are delivered to the named destination on the Shipping Order. In any event, the Carrier shall at all times be responsible to assure the security and protection of the cargo until relieved of such responsibility by the Government or its designated agent.

H-33.4 Responsibility. In any event, the Carrier shall at all times be responsible to assure the security and protection of the cargo until relieved of such responsibility by the Government or its designated agent.

H-33.5 Compliance with Government Direction. The Carrier, the Master, and the vessel shall have liberty to comply with any orders or directions as to loading, departure, arrival, routes, ports of call, stoppages, discharge, destination, delivery or otherwise howsoever given by the government of any nation or department thereof or any person acting or purporting to act with the authority of such government or of any department thereof (or by any committee or person having, under the terms of the war risk insurance on the vessel, the right to give such orders or directions). Delivery or other disposition of the goods in accordance with such orders or directions shall be a fulfillment of the contract voyage. The vessel may carry explosives, munitions, warlike stores, hazardous cargo, and may sail armed or unarmed and with or without convoy.

H-34 EXCEPTION

An act of God, enemies, fire, restraint of princes, rulers of people, and all dangers and accidents of the seas, rivers, machinery, boilers and steam navigation, and errors of navigation throughout this contract are mutually excepted. The vessel shall have the liberty to deviate for the purpose saving life and property, to tow or to be towed, to sail with or without pilots, or to go into dry dock or into ways with or without cargo on board.

H-35 STRIKES

H-35.1 Loading Port. In the event the vessel or loading of the vessel is delayed by reason of strike or stoppage of work, the Carrier reserves the right at the loading port to dispatch the vessel with such portion of the cargo as may then be on board, or if no Government cargo is on board, to withdraw such vessel from service.

H-35.2 Discharge Port. In the event the vessel or discharge of the vessel is delayed by reason of strikes or stoppage of work, the Carrier reserves the right at the discharge port to discharge the cargo still on board or with the approval of the Government to dispose of the cargo or any part of it in accordance with Section H-33 at the Government's risk and expense.

H-36 AMENDED JASON CLAUSE

In the event of accident, danger, damage, or disaster, before or after commencement of the voyage resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequence of which, the Carrier is not responsible, by statute, contract, or otherwise, the goods, shippers, consignees, or owners of the goods shall contribute with the Carrier in general average to the payment of any sacrifices, losses, or expenses of a general average nature that may be made or incurred, and shall pay salvage and special charges incurred in respect of the goods. If a salving vessel is owned or operated by the Carrier, salvage shall be paid for as fully as if such salving vessel or vessels belonged to strangers.

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H-37 GENERAL AVERAGE

General Average shall be adjusted, stated and settled, according to York-Antwerp Rules 1974 as amended to the date of this contract, at such port or place in the United States as may be selected by the Carrier, and as to matters not provided for by those Rules, according to the laws and usages at the Port of New York. In such adjustment, disbursements in foreign currencies shall be exchanged into United States money at the rate prevailing on the dates made and allowances for damage to cargo claimed shall be converted at the rate prevailing on the last day of discharge at the port or place of final discharge of such damaged cargo from the ship.

H-38 LIENS

(1) Seizure of Cargo: The Contractor agrees that it will not assert any type of lien, including a maritime lien, on any cargo shipped by the Government under this contract. The Carrier further agrees that it will not take any action to seize, arrest, hold, or otherwise detain such cargo through any judicial process in the U.S. or any foreign country. The Contractor agrees to insert this clause in all subcontracts at any tier and to expand any resources necessary to expeditiously enforce the provisions of this clause against such subcontractors.

(2) Freight: There shall be no liens, including maritime liens, asserted on any freights payable by the Government under this bill of lading. The carrier agrees to insert this clause in all subcontracts at any tier and to expend any resources necessary to expeditiously enforce the provisions of this clause against such subcontractors.

H-39 GOVERNMENT USE OF CARRIER EQUIPMENT (LEASING)

Upon request of the OO, the carrier shall furnish containers, flatcars, and chassis and in the case non self-sustaining refrigerated containers also a generator set, for use in connection with land and ocean transportation of Government cargo. The carrier shall be paid at the equipment leasing rate set forth in the table below. Equipment so leased may be transported aboard any vessel designated by the Government and maybe transported inland by any means available to the Government. Unless otherwise agreed, containers and chassis leased by the Government shall be returned by the Government to the place where such equipment was originally received from the carrier. A shipping order will be issued by the OO to reflect each lease of containers and chassis. The shipping order shall set forth the number, size and appropriate identification information of containers and/or chassis, estimated duration of lease and place of return. The carrier shall be paid for each 24 hour period or part thereof, Saturdays, Sundays, and holidays included, for the period between the time the equipment is received or ordered from the carrier, whichever is later, until the time the equipment is returned to the carrier. The Government shall not lease containers for storage or other purposes unrelated to the furnishing of transportation pursuant to this contract unless otherwise mutually agreed between the Government and the Carrier.

CONTAINER LEASING RATES

A. DRY CARGO		<u>per day</u>
	20 FT and over	\$3.50
	40 FT and over	\$5.00
B. REFRIGERATED		<u>per day</u>
	20 FT and over	\$15.00
	40 FT and over	\$25.00

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C. CHASSIS per day

20 FT and over	\$3.50
40 FT and over	\$5.00

D. TANK CONTAINERS per day

20 Feet and Over	\$20.00
40 Feet and Over	25.00

H-40 Date Change Specification for the Year 2000

The Contractor guarantees that the hardware, software, and firmware which is acquired by the Government and/or which is used by the Contractor to perform work under this contract prior to, during, or after the calendar year 2000, shall include design and/or performance specifications to ensure that the Government shall not experience performance abnormalities associated with calculations for the year 2000. The design to ensure 2000 compatibility shall include, but not be limited to, date/century recognition, calculations that accommodate same century and multi-century formulas and date values, and date data interface values that reflect an accurate and correct day, month, year, and century. In the manipulation of external data, the Contractor is responsible for ensuring that the system works accurately based on correct data input. When a total system is contracted for, The Contractor is responsible for ensuring that calculations are accurate and successful in computations involving the year 2000. In addition, the Contractor guarantees that the year 2000 leap year calculations will be accommodated and will not result in hardware, firmware, and/or software failures. The prime Contractor is responsible for their subcontractor's products and services provided under this contract.

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I-1 ORDERING (FAR 52.216-18) (OCT 1995)

(a) Any supplies and services to be furnished under this Contract shall be ordered by issuance of delivery orders by the individuals or activities designated in the Schedule. Such orders may be issued for sailings from 01 February 1998 through 31 January 2000 or, if the Option Period is exercised, through 31 January 2001.

(b) All delivery orders are subject to the terms and conditions of this Contract. In the event of a conflict between a delivery order and this Contract, the Contract shall control.

(c) If mailed, a delivery order is considered "issued" when the Government deposits the order in the mail. Orders may be issued orally, by facsimile, or by electronic commerce methods only if authorized in the Schedule.

Note: The ACO may issue orders orally or by facsimile.

I-2 DELIVERY ORDER LIMITATIONS (FAR 52.216-19) (Oct 1995)

(a) **Minimum order.** When the Government requires supplies or services covered by this Contract in an amount of less than \$1.00 the Government is not obligated to purchase, nor is the Contractor obligated to furnish, those supplies or services under the Contract.

(b) **Maximum order.** The Contractor is not obligated to honor:

(1) Any order for a single item in excess of \$1,000,000 ;

(2) Any order for a combination of items in excess of \$10,000,000 ; or

(3) A series of orders from the same ordering office within 2 days that together call for quantities exceeding the limitation in subparagraph (1) or (2) above.

(c) If this is a requirements Contract (i.e., includes the Requirements clause at subsection 52.216-21 of the FAR), the Government is not required to order a part of any one requirement from the Contractor if that requirement exceeds the maximum-order limitations in paragraph (b) above.

(d) Notwithstanding paragraphs (b) and (c) above, the Contractor shall honor any order exceeding the maximum order limitations in paragraph (b), unless the order (or orders) is returned to the ordering office within 2 days after issuance, with written notice stating the Contractor's intent not to ship the item (or items) called for and the reasons. Upon receiving this notice, the Government may acquire the supplies or services from another source.

I-3 OPTION TO EXTEND THE TERM OF THE CONTRACT (MAR 1989)

I-3.1 Extension. The Government may extend the term of this Contract by written notice to the Contractor within 30 days; provided that the Government shall give the Contractor a preliminary written notice of its intent to extend at least 60 days before the Contract expires. The preliminary notice does not commit the Government to the extension.

I-3.2 Provision. If the Government exercises this option, the extended Contract shall be considered to include this option provision.

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I-3.3 Duration. The total duration of this Contract, including the exercise of any options under this clause, shall not exceed three (3) years.

I-4 CLAUSES INCORPORATED BY REFERENCE (JUN 88) (FAR 52.252-02)

This Contract incorporates one or more of the following clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

<u>CLAUSE TITLE AND DATE</u>	<u>REFERENCE</u>
DEFINITIONS (Oct 1995)	FAR 52.202-1
GRATUITIES (APR 1984)	FAR 52.203-3
COVENANT AGAINST CONTINGENT FEES (APR 1984)	FAR 52.203-5
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DEFINITIONS

As used throughout this Contract, the following terms shall have the meaning as set forth below:

ADMINISTRATIVE CONTRACTING OFFICER (ACO) - Is a warranted contracting officer who is responsible for, but not limited to the following: appoint and train the contracting officer representative (COR), issue administrative modifications, analyze contractor claims, evaluate the contractor's performance, and provide reports on the contractor's performance to the PCO. The ACO is located at HQ, Military Traffic Management Command, ATTN: MTAQ-AS Room 725, 5611 Columbia Pike, Falls Church, Virginia 22041-5050, (703) 681-6640 or FAX (703) 681-6146.

AGREEMENT - See "Contract".

AIRCRAFT, UNBOXED - Includes all vehicles designed primarily for flight, unboxed and completely or partially set up own wheels, pontoons, runners or special cradles.

BAGGED CARGO - Bagged cargo is defined as any commingling, homogeneous material shipped in cloth, paper or plastic sacks or bags. Such material may consist of, but is not limited to, dry chemicals, coal, ore, fertilizer, cement, charcoal, coke, mortar, salt, grains, coffee, sugar, peanuts and fruits and vegetables not requiring refrigeration.

BOATS - Includes all craft in excess of 35 feet in length assigned exclusively for use on or under water and may or may not include a cradle for stowage.

BREKBUK CARGO - Cargo that is not containerized.

BULK CARGO - Dry or Liquid Cargo which is not subject to mark or count, shipped in fluid or loose state and not packaged for ocean carriage in any manner, such as grain, ore, coal, chemicals, oil, liquid latex, etc.

CAR CARRIER - A trailer/container of open framework designed for carriage of automobiles or other unboxed vehicles.

CARGO TRAILER - See "Van".

CARGO UNIT - Two or more pieces of cargo received by Carrier at the same time which has the same consignor and consignee.

CARRIER - Any Carrier awarded a Contract pursuant to this solicitation, including its agents and subcontractors. The term "Carrier" is used interchangeably with the term "Contractor."

CHASSIS - A platform equipped with running gear and front end support on which a container is placed for transport.

COMMERCIAL ZONE - The pickup and delivery limits of cities, ports and municipalities in the United States as defined by the Interstate Commerce Commission and published in 49 CFR Part 1048, on the date service is provided by the Carrier.

CONSOLIDATION - Practice of consolidating many less-than-container load cargo in order to make container load movements.

CONTAINER - A cargo conveyance which confines and protects the cargo from loss or damage, can be handled in transit as a unit and can be mounted and secured in or on marine, rail or highway equipment. Common types of

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containers are: weatherproof, dry enclosed, refrigerated, van, tank, non weatherproof, open top, car carrier, high cube, and flatracks or platforms.

CONTAINER UNDER ALASKA CONTRACT - A cargo conveyance which confines and protects the cargo from loss or damage, can be handled in transit as a unit can be mounted and secured in or on marine, rail or highway equipment. Common types of containers are: weatherproof, open top, car carrier, highcube, and flatracks or platforms. All references to the word "container" shall be deemed to include trailers and railcars, unless the specific language precludes such a reading.

CONTAINER DETENTION - Government ordered delay in commencement of drayage/line-haul (container staging) or Government delay in unstuffing of containers at destination when total delay exceeds total free-time allowed.

CONTAINER RESPOT - Practice of moving a Government stuffed container from the initial point of delivery within a facility to another point within the facility.

CONTAINERIZABLE CARGO - All cargo which can be physically loaded in or on a container.

CONTRACT - This document which contains the contractual terms pursuant to which a Carrier agrees to accomplish transportation of such lawful cargo as may be tendered by the Government.

CONTRACTING OFFICER - A Contracting Officer within the scope of that definition in Federal Acquisition Regulation 52.202-1, who has been appointed or designated as such by the Commander, Military Sealift Command. (See Procurement Contracting Officer)

CONTRACTING OFFICER REPRESENTATIVE (COR) - Appointed in writing by the ACO. Responsible for, but not limited to, the following: designates Quality Assurance Evaluators, monitors the contractor's performance in accordance with the Quality Assurance

Surveillance Program, ensures contractor's compliance with reporting requirements, provides data for government reports, verifies/certifies services and conducts initial review of contractor's claims.

CONTRACTOR - See "Carrier".

CONTINENTAL UNITED STATES (CONUS) - Forty-eight contiguous states of the United States of America.

DAYS - Shall mean calendar days unless specified otherwise.

DEAD FREIGHT - Liability to pay for space booked but not used.

DECK CARGO - Includes all cargo stowed in open spaces on deck except Hazardous Cargo which, in accordance with U.S. Coast Guard rules, must be stowed on deck.

DETENTION - Charges assessed against the Government for delaying the release of Carrier equipment beyond allowed free time (See also Container Detention).

DISCHARGING - The physical movement of cargo/container from the place of stowage on board a vessel to the pier.

DIVERSION - To change the booked destination of a loaded container after transit has commenced, but before the container has commenced final drayage/linehaul from the port of discharge.

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DRAYAGE - The movement of cargo/container between the Carrier's terminal at the port where the cargo/container is loaded to or discharged from the vessel and another place within the commercial zone or modified zone of that United States port city or within a ten mile radius of that city's limits, by means other than the Carrier's principal vessels, such as by highway or railway.

DRIVER STANDBY TIME - The period of time that the inland participating cargo carrier (truck driver) waits with the container during a split pick-up/delivery service.

DRY CONTAINER - A completely enclosed weatherproof container.

EXPLOSIVES - Includes all military explosives (IMCO Class 1.1, 1.2, 1.3), military lethal chemicals, and other items Title 49 Code of Federal Regulations, Part 171 et seq (CFR et seq).

FLATCAR - A railroad car without weatherproof sides or top.

FLATRACK (PLATFORM) CONTAINER - A container without weatherproof sides and/or top. Includes platforms and flatracks with rigid or collapsible ends. They can be end loaded or top or side loaded.

FREE-IN-OUT - Loading and discharging services are to be performed by the Government.

FUTILE EFFORT - The good faith effort of a Carrier to accept cargo which is futile due to fault of the Government. Does not include the instance in which the Carrier spots a container for a particular booking which does not materialize, but is able to utilize the spotted container for another booking without returning the container to its place of origin.

GENERAL CARGO - All dry cargo other than refrigerated cargo and vehicles. Dry cargo refers to shipments of straight or mixed loads of the commodities listed in the Military Standard Transportation and Movement Procedures including hazardous cargo and Class I lethal chemicals (See "Explosives" in this attachment for the reference citing the classes of lethal chemicals).

GOVERNMENT - The United States Government, its agents and Contractors, party to this Contract, and the consignees, their agents and Contractors unless used in a context to refer to another government such as a foreign or local government. Does not include Contractors party to this Contract. Ordering activities authorized under this Contract are included.

GOVERNMENT TRACTOR - A tractor used by the Government to transport the Contractor's containers placed on chassis or over-the-road trailers.

HAZARDOUS CARGO - A substance or material including a hazardous substance, which has been determined by the Secretary of Transportation to be capable of posing an unreasonable risk to health, safety and property when transported in commerce and which has been so designated.

INOPERABLE - Not capable of being operated. This shall not include vehicles which are required to be inoperative for containerization.

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INTERSTATE COMMERCE COMMISSION - The agent of Congress designated to implement the Interstate Commerce Act which regulates rates, rules, and practices of rail transportation lines engaged in interstate traffic, motor Carriers, common and contract water Carriers operating in domestic trade, and freight forwarding companies.

K-TERM - A container booking wherein the ocean carrier accepts or terminates responsibility at the terminal. The Government is responsible for having the cargo or container either moved to and/or removed from the carrier's terminal.

LINEHAUL - The movement of a container between the Carrier's terminal at the port where the container is loaded to or discharged from the vessel and another place outside the commercial zone or modified zone of that United States port city or beyond a ten mile radius of the city limits by means other than the Carrier's principal vessels, such as by highway, railway, canal or river, or in specific instances by ferry or bargeship system.

LINER TERMS - The Carrier assumes all responsibilities and cost for the cargo from the port or point where the cargo is receipted for by the Carrier to the destination port or point where the Carrier makes the cargo available to the consignee.

LOADING - The physical movement of cargo/container from the pier to place of stowage on board a vessel.

LOW COST CARRIER - The Carrier which offers the lowest total cost for all services ordered in connection with handling and movement of a particular lot of cargo from origin to final destination, taking into account the density and stowage characteristics of the particular lot of cargo in relation to the types, sizes, configurations and weight carrying capacities of containers available for the movement.

M-TERM - The carrier assumes all responsibilities and cost for the cargo from the point where the cargo is receipted for by the Carrier to the destination point where the Carrier makes the cargo available to the consignee.

MAIL - Includes all classes and types of postal matter.

MAIL EQUIPMENT - Includes sacks, pouches, and bags used for carriage of mail and locks or other devices used for sealing mail bags, pouches, sacks or containers.

MILITARY SEALIFT COMMAND (MSC) - Commander, Military Sealift Command, Washington Navy Yard, Washington, DC

MILITARY TRAFFIC MANAGEMENT COMMAND (MTMC) - Commander, Military Traffic Management Command, Office of the Principal Assistant Responsible for Contracting, Acquisition Division (MTAQ-AS-ACO), appointed and designated as the ACO.

MILSTAMP - Military Standard Transportation and Movement Procedures.

OPEN TOP CONTAINERS - A container without a permanently affixed metal top. Top is a removable tarpaulin which is supported by roof bows.

ORDERING ACTIVITY - Includes the Commander, Military Sealift Command or his designee, and Military Traffic Management Command, or his designee, and other agencies as designated.

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ORDERING OFFICER (OO) - Appointed by the Chief of Acquisition, MTMC, with a copy provided to the Carrier. Responsible for, but not limited to, the following: books cargo and issue shipping orders, samples bookings for low cost, monitors cargo allocation, recommends addition/deletion of routes/services, authorizes substitution of equipment and authorizes staging.

OVERTIME DIFFERENTIAL COST (ODC) - Overtime Differential Cost is the difference in cost to perform cargo handling services during regularly scheduled working hours (as defined by the existing terminal tariff) and to perform the same services during non-regularly scheduled (overtime) working hours. For the purpose of this

Contract, ODC will apply in the Puerto Rico/USVI area when it is incurred by the Government as a result of an express request by the vessel owner or his agent to perform such services on an overtime basis. ODC may include, but is not limited to, overtime costs for loading/unloading cargo to and from the vessel, bringing cargo to and taking it alongside the vessel within the terminal area, documentation and other administrative services, and extra wages or salary rates or charges related thereto (which may include the portion of the sum paid for pensions, health and welfare, payroll taxes and other fringe benefits in connection with work performance of the ordered services.

OWNER - See "Carrier".

PERSONAL PROPERTY - Personal effects and property used or to be used in a dwelling when a part of the equipment or supply of such dwelling.

PLACE DESIGNATED BY THE CONTRACTING OFFICER - Places within the commercial zone of United States ports or inland cities, and places within a ten-mile radius of the city limits of any U.S. port or inland city or limits of other places designated in the Schedule of Rates.

PLATFORM - A trailer/container with no sides or top, but only the floor.

PROCUREMENT CONTRACTING OFFICER (PCO) - Commander, Military Sealift Command, Washington Navy Yard, Washington, DC 20398-5541, or his designee.

PROTECTED STOW - The placement of cargo in a manner which can be stowed either above or below deck that will protect the cargo from wind, water, and other damages associated with the weather and sea.

RAIL INTERMODAL EQUIPMENT - A unit for transporting commodities in trailer or container on freight-car service from point to point, constructed in such a manner that it may be mounted and secured on a car, chassis or bogie for the purpose of such locomotives.

RECEIVING ACTIVITY - Place, other than the Carrier's terminal, designated by the Ordering Officer (OO) for receipt of cargo/containers from the Carrier for stuffing or unstuffing.

REFRIGERATED CONTAINER - A weatherproof container used for the carriage of controlled temperature cargo which is properly insulated against the effects of temperature outside the container and is equipped with mechanical, thermostatically temperature controlled air circulation or air exchange cooling equipment with venting capability capable of providing temperature protection to cargo (between 75 and minus 10 degrees Fahrenheit). Further definition is as follows:

- a. Non-self-sustaining. A refrigerated container which requires a power or fuel source, not mounted on the reefer or its chassis, to operate the refrigeration unit.

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b. Self-sustaining. A refrigerated container which does not need an external power or fuel source, and upon which a self-contained power unit is mounted, either on the container or its accompanying chassis. The container is self-sustained only while the power unit and its fuel source are mounted.

REGULARLY SCHEDULED SAILINGS - Sailings at regular intervals maintained between the same port ranges and consisting of regular arrivals and departures along an established route.

RELAY SERVICE - Service by which an ocean Carrier serving the port of origin by direct vessel call with one of its vessels and the port of destination by direct vessel call with another of its vessels provides transportation between such ports via an intermediate port served by both vessels at which cargo is transferred from one vessel to the other.

REQUIRED DELIVERY DATE (RDD) - Date by which cargo must reach the ultimate consignee.

REROUTING - To change the booked destination of a loaded container after final drayage/linehaul has commenced from the port of discharge. Short stop, stop-off, and respot shall not be considered rerouting regardless of when they occur.

RESPOT - To move a container from the initial point of delivery within a facility to another point within that facility.

ROUTE - For purposes of this contract the following geographic combinations shall be defined as "routes":

<u>Description of Route</u>	<u>Index No.</u>
U.S. Northwest Pacific - Alaska	26
U.S. East Coast - Puerto Rico	36
U.S. Gulf Coast - Puerto Rico	41
Caribbean Interport (Puerto Rico - U.S. Virgin Islands)	18A

SHORT STOP - To stop a stuffed container at the Carrier's terminal where the Government elects to take delivery.

SPLIT PICK-UP/DELIVERY - The subsequent movement of a conveyance from one load/off-load station within a facility to another load/off-load station within that same facility for additional stuffing and/or stripping.

SPOT - The placement of a container for stuffing or stripping.

STB - Successor Agency to the Interstate Commerce Commission and Commission Termination Successor Agency to ICC, the agent of Congress designated to implement the Interstate Commerce Act which regulates rates, rules, and practices of rail transportation lines engaged in interstate traffic, motor Carriers, common and contract water Carriers operating in domestic trade, and freight forwarding companies.

STOP-OFF - Stopping a container en route at a place designated by the OO for additional stuffing/unstuffing.

STRIPPING - The process of unloading a container.

STUFFING - The placement of cargo into a container including any necessary chocking, bracing, or dunnaging.

TANK CONTAINER - A weatherproof container used for transporting bulk liquids.

TEU (Twenty foot equivalent unit) - method of quantifying the number of ocean containers i.e. one twenty foot container = one TEU and one forty foot container equals two TEUs.

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TRACTOR - A motor vehicle designed primarily for hauling containers/trailers over the road.

TRAILER - A vehicle designed without motive power, to be drawn by another vehicle and so constructed that no part of its weight rests upon the towing vehicle.

TRANSSHIPMENT - Service by which one ocean Carrier serving a port of origin by direct vessel call and another such Carrier serving a port of destination by direct vessel call provide transportation between such ports via an intermediate port served by direct vessel call of both Carriers, and at which cargo will be transferred from one Carrier to the other.

UNDERDECK STOW - The placement of cargo in a manner which is stowed below the vessel's deck in its holds and protects the cargo from wind, water, and other damages associated with the weather and sea.

UNIT MOVE - The movement of a unit of military personnel, and/or equipment where unit integrity must be maintained.

UNUSUAL SIZE CARGO - General Cargo that has any one dimension over forty (40) feet long, more than eight (8) feet wide or over eight (8) feet six (6) inches in height, or as determined by the ACO, requires special handling equipment for loading aboard or discharging from a vessel because of that cargo's atypical size. This definition includes oversized cargo that equals or exceeds 50 long tons, including railroad locomotives and set up railroad rolling stock, but excluding all wheeled or tracked vehicles.

UNUSUAL SIZE CARGO UNDER ALASKA CONTRACT - Cargo (Pieces, packages, boats or vehicles) that exceeds the capacity of the Carrier's equipment or requires special permit and/or escorts for inland transportation, or require additional crane service over and above the lifting gear capacity of the Carrier's ship, barge or terminal.

VAN - A motor vehicle permanently mounted on undercarriage and wheels.

VOLUME MOVE - The movement of a unit of military personnel, and/or equipment where unit integrity need not be maintained and where the cargo may free-flow into the Carrier's terminal.

WEATHER PROTECTION SERVICE - The placement of cargo in a manner which can be stowed either above or below deck that will protect the cargo from wind, water, and other damages associated with the weather and sea".

WHEELED OR TRACKED VEHICLES (UNBOXED AND CONTAINERIZABLE) - Includes all types of unboxed, land or amphibious equipment or conveyances, set up on wheels or tracks, whether or not self-propelled, but excluding railroad locomotives and set up railroad rolling stock. Vehicles shall be freighted on the basis of extreme dimensions as offered for shipment.

WORKING DAY - Excludes weekends and locally observed holidays.

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